

**A Report Summarizing the Findings and  
Recommendations of the Governor's  
Task Force on Local Transportation  
Strategies**



**Prepared by the Georgia Department of  
Transportation - Office of Planning**

**November 15, 2004**



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November 15, 2004

The Honorable Sonny Perdue, Governor  
State of Georgia  
State Capitol, Room 203  
Atlanta, Georgia 30334

Subject: Governor's Task Force on Local Transportation Strategies Report

Dear Governor Perdue:

In accordance with your Executive Order dated April 14, 2004 the Governor's Task Force on Local Transportation Strategies has prepared the attached report which explores transportation funding strategies for local governments. The Task Force explored eighteen different funding strategies and ultimately focused on five final recommendations for your consideration:

1. Index the State (and any Local Level) Motor Fuel Tax to the Consumer Price Index.
2. Shift the State and Local Motor Fuel Tax Point of Collection from the Distributor to the Terminal.
3. Authorize local governments to enact a Local Option Transportation Tax. Allow the expenditure of LOTT revenues for transit purposes.
4. Create a State Infrastructure Bank (SIB). Allow transit improvements to qualify for SIB funding as well as highway and bridge needs.
5. Authorize and encourage private/public partnerships for construction and operation of toll facilities.

Over the past several months, the Task Force made great progress in identifying various strategies to improve local funding for transportation needs, however, it is our recommendation that the Task Force be continued in order to foster additional dialogue on long-term state funding sources for local transportation needs. We propose that the Task Force be required to submit its findings and recommendations in the form of a final report for state funding strategies for local transportation needs to the Governor no later than July 1, 2005.

In summary, this report is a framework setting forth the recommendations that merit further study and analysis and the Task Force recognizes the need for further exploration of these options. If you have any questions, please feel free to contact me or any of the members on the Task Force.

Sincerely,

A handwritten signature in dark ink, reading "Harold E. Linnenkohl".

Harold E. Linnenkohl  
Commissioner and Task Force Chairman



## *Executive Summary*

On April 14, 2004 Governor Sonny Perdue issued an Executive Order creating the Task Force on Local Transportation Strategies. The Task Force was charged with identifying funding options which would address the transportation needs of local governments. In response to the Executive Order, the Task Force has conducted an extensive investigation and discussion of local transportation funding strategies in use nationwide. The Task Force ultimately identified eighteen potential funding strategies over the course of five meetings and recommends the following preliminary framework for funding strategies to the Governor for consideration.

The Governor's Task Force on Local Transportation Strategies strongly recommends the following strategies in an effort to increase highway and transit funding for local governments in Georgia:

1. Index the State (and any Local Level) Motor Fuel Tax to the Consumer Price Index.
2. Shift the State and Local Motor Fuel Tax Point of Collection from the Distributor to the Terminal.
3. Authorize local governments to enact a Local Option Transportation Tax. Allow the expenditure of LOTT revenues for transit purposes.
4. Create a State Infrastructure Bank (SIB). Allow transit improvements to qualify for SIB funding as well as highway and bridge needs.
5. Authorize and encourage private/public partnerships for construction and operation of toll facilities.

Each of these strategies would require legislative action by the Georgia General Assembly. Strategy number four would also require Congressional action if the SIB is capitalized using federal highway and/or federal transit funds. It is the recommendation of the Task Force that the Governor consider each of these proposed funding and financing strategies. Furthermore, it is the recommendation of the Task Force that local government associations (such as: ACCG and GMA) be given an opportunity to offer further review and comments on each of the proposed strategies.

The Governor's Task Force on Local Transportation Strategies recognizes that funding for local transportation needs has reached a critical stage. While local governments are willing to assume some of the responsibility for funding local transportation needs through strategies such as a local option transportation tax, local funds are only a part of the solution. Long-term funding solutions will require a combination of state and local transportation funding sources.

While this Task Force has made progress in identifying legislative changes that would result in additional state revenues and options for local government financing, we recognize that this is only the first phase in the search for long term, sustainable solutions that will fully meet local transportation needs. Therefore, in order to continue dialogue on this issue, it is the recommendation of the Task Force that the Governor continue the

Task Force so that it may continue to examine long-term state funding solutions for local transportation and transit needs. We propose that the Task Force be required to submit its findings and recommendations in the form of a final report for state funding strategies for local transportation and transit needs to the Governor no later than July 1, 2005. This will allow representatives from local government associations and transportation agencies to continue to identify ways in which state and local funds can be maximized to meet local transportation needs.

In summary, this report is a framework setting forth the recommendations that merit further study and analysis and the Task Force recognizes the need for further exploration of these options.



## ***Background***

On April 14, 2004 Governor Sonny Perdue issued an Executive Order creating the "Governor's Task Force on Local Transportation Strategies." The Task Force was *"charged with the responsibility of reviewing and making recommendations with respect to laws, policies and current funding options available to counties and cities to meet the needs of their individual communities as well as the relationship with the state in maximizing the current transportation resources."* Governor Perdue's Executive Order recognizes the importance of and the needs on, the local transportation network which comprises 83% of the roads and streets that connect to the state highway system.

Governor Perdue's Executive Order charged the Task Force with presenting a *"report on a strategy for addressing the needs of the off-system (non-state route) transportation network...by November 1, 2004."* In response to a request from the Task Force's Chairman, the Governor extended the report's completion date to November 15, 2004.

Governor Perdue ordered that the Georgia Department of Transportation Commissioner, Harold Linnenkohl, would serve as the Task Force's Chairman and that the GDOT staff would provide administrative support for the Task Force. The following individuals served on the Task Force at the Governor's request:

Georgia Department of Transportation Commissioner, Harold Linnenkohl (Chairman)  
Georgia Regional Transportation Authority Executive Director, Steve Stancil  
State Road and Tollway Authority Executive Director, Doug Hooker  
Georgia Department of Community Affairs Commissioner, Mike Beatty  
Association of County Commissioners of Georgia Executive Director, Jerry Griffin  
Georgia Municipal Association Executive Director, Jim Higdon  
Georgia Economic Developers Association Executive Director, Cullen Larson  
Georgia Association of Regional Development Centers President, John Leonard  
Georgians for Better Transportation Chairman, Wayne Shackelford  
Georgia Highway Contractors Association Director, Steve Parks  
Mayor of Dallas, Boyd Austin  
Mayor of Social Circle, Jim Burgess  
Lowndes County Commissioner, Rod Casey  
Rome City Commissioner, Katie Dempsey  
Monroe County Commissioner, Jim Ham  
Fulton County Commissioner, Karen Handel  
Mayor of Columbus, Robert Poydasheff  
Bibb County Commissioner, Elmo Richardson  
Bulloch County Commissioner, Jan Tankersley  
House Transportation Committee Chairman, Paul Smith (ex-officio)  
Senate Transportation Committee Chairman, Tommie Williams (ex-officio)

See Attachment One for a copy of Governor Perdue's Executive Order establishing the Task Force on Local Transportation Strategies.

## ***Task Force Meeting Summaries***

### ***Meeting Number One-August 11, 2004***

On August 11, 2004 at 10:00am the Task Force held its first meeting at the GDOT Building (No. 2 Capitol Square, Atlanta, GA 30334). Paul Mullins, P.E., GDOT Chief Engineer, delivered a presentation on transportation needs, project delivery and funding. The presentation focused on state and federal funding streams; types of projects; project delivery processes; funding allocations; transit activities; federal legislation; local and state policies; bonds; and the state motor fuel tax. A discussion followed the presentation concerning several topics related to the presentation.

The Task Force identified three primary topics for GDOT to research and present at the next meeting: identify potential new funding sources and discuss their pros, cons and potential revenues; describe funding options used by other states; describe the statutory funding formula for the state motor fuel tax (5% on-system, 5% off-system, 5% most needed).

See Attachment Two for a copy of the August 11, 2004 meeting minutes and presentation.

### ***Meeting Number Two-September 13, 2004***

On September 13, 2004 at 10:00am, the Task Force met at the GDOT Building to review the list of local transportation funding strategies which GDOT had been charged with identifying as a result of the August 11, 2004 meeting. Matthew Fowler, GDOT Assistant Planning Administrator, delivered a presentation titled "Potential Local Transportation Funding Sources." The presentation explored 16 different funding strategies for local transportation needs. The 16 strategies were identified through researching transportation industry reports and a comprehensive phone survey of each state DOT, conducted by staff in the GDOT Office of Planning. The sixteen strategies presented were:

1. Locally Owned/Operated Toll Roads
2. Local Bonds
3. State Infrastructure Bank
4. Parking Tax
5. Business Tax
6. Hotel-Motel Tax
7. Hospitality Fee
8. Bicycle Sales Tax
9. Rental Car Tax
10. Road Utility Fee
11. Vehicle Registration Fee/Ad-Valorem Tax
12. Impact Fee



13. Property Tax
14. Sales and Use Tax
15. Local Option Transportation Tax
16. Special Tax Districts

Angie Bowen, GDOT Budget Administrator, presented on Title 32, Chapter 5, Section 21 (OCGA 32-5-21) concerning the expenditure of the State Public Transportation Fund; the history of debt service with state motor fuel tax funds; and the 2005 allocation of state motor fuel tax funds.

Wayne Shackelford, Chairman of Georgians for Better Transportation (GBT), briefly presented on some potential funding initiatives which GBT has explored and recommends:

1. Local Option Motor Fuel Tax
2. 1% Local Option Sales Tax for Non-Attainment Counties (similar to item number 14, Sales and Use Tax, as presented by GDOT)
3. Indexing the Statewide (and any local level) Motor Fuel Tax to Inflation (this is an initiative which would primarily benefit the state)
4. Shifting the Motor Fuel Tax Point of Collection from the Distributor to the Terminal (this is an initiative which would primarily benefit the state)

The Association of County Commissioners of Georgia (ACCG) and the Georgia Municipal Association (GMA) presented a video outlining existing and future issues facing local governments relative to local road needs.

As a result of meeting number two, the Task Force elected to focus on seven specific strategies, and requested that additional information be provided at the next meeting on October 12, 2004. The seven strategies were:

1. Indexing the state (and any local level) motor fuel tax to inflation
2. Shifting the motor fuel tax point of collection from the distributor to the terminal
3. Local Option Transportation Tax (local motor fuel tax)
4. State Infrastructure Bank
5. Transportation Local Option Sales Tax
6. Public/Private Owned and Operated Toll Roads
7. Impact Fees

See Attachment Three for a copy of the meeting minutes and presentations.



### ***Meeting Number Three-October 12, 2004***

On October 12, 2004 at 10:00am, the Task Force reconvened at the GDOT Building to review the additional information collected regarding the seven strategies selected at the September 13, 2004 meeting. Matthew Fowler, GDOT Assistant Planning Administrator, presented on: indexing the motor fuel tax to inflation; shifting the motor fuel tax point of collection from the distributor to the terminal; impact fees; and local option sales taxes in non-attainment and maintenance counties as designated by the U.S. Environmental Protection Agency (EPA).

Dan Drake, State Road and Tollway Authority (SRTA), Director of Policy and Programs, presented information on: an overview of SRTA; SIB; local toll roads; and Regional Mobility Authorities (RMAs) as used in Texas.

Marsha Johnson, FDOT Director of Financial Development, presented on Florida's extensive use of local level motor fuel taxes.

At the conclusion of the October 12, 2004 meeting, several items were identified for further explanation at the Task Force's fourth meeting, including: additional information on SIBs; information on Intergovernmental Agreements, as permitted by the Georgia Constitution in Article IX, Section III, Paragraph I and OCGA 36-60-21 (referred to as Georgia Amendment 19 in the meeting minutes and agenda) as discussed by ACCG and GMA; projected state motor fuel sales tax revenues; and the Task Force members should review and rank the seven strategies identified for further exploration.

See Attachment Four for a copy of the meeting minutes and presentations.

### ***Meeting Number Four-October 25, 2004***

On October 20, 2004, prior to the fourth meeting, Task Force Chairman, Harold Linnenkohl, e-mailed a document summarizing each of the seven selected strategies to the Task Force members generated by GDOT Office of Planning staff. Mr. Linnenkohl requested that each Task Force member rank the seven strategies as either high, medium or low, and return the ranking sheets along with any comments to Matthew Fowler in the Office of Planning at GDOT before the October 25, 2004 meeting. Based on the returns received from the Task Force members, the seven strategies were ranked as follows: (number one receiving the highest ranking and number seven receiving the lowest ranking)

1. Indexing the state (and any local level) motor fuel tax to inflation
2. Shifting the motor fuel tax point of collection from the distributor to the terminal
3. Local Option Transportation Tax (local motor fuel tax)

4. State Infrastructure Bank
5. Transportation Local Option Sales Tax
6. Public/Private Owned and Operated Toll Roads
7. Impact Fees

On October 25, 2004 at 1:30pm, the Task Force again met at the GDOT Building to discuss the seven strategies; narrow down the number of recommended strategies for the final report and to provide guidance as to the content of the final report.

David Weir, SRTA Transportation Policy Analyst, presented additional information on SIBs; specifically concerning the financial stability of the South Carolina SIB and the status of the Florida and Texas SIBs.

Jerry Griffin, ACCG Executive Director, and Jim Higdon, GMA Executive Director, presented information concerning local government involvement with toll roads. In response to questions raised at the October 12, 2004 meeting, attorneys for ACCG and GMA issued an opinion that local governments can establish their own toll roads independent of a public-private partnership and that local governments can construct multi-jurisdictional toll roads as long as there is an intergovernmental agreement between each affected jurisdiction. This opinion is based on Article IX, Section III, Paragraph I of the Georgia Constitution and OCGA 36-60-21 (sometimes referred to as Georgia Amendment 19 in the meeting minutes and agenda). A letter dated October 19, 2004, jointly signed by ACCG and GMA to Commissioner Linnenkohl details ACCG's and GMA's position regarding intergovernmental agreements and toll roads, see attachment five for a copy of the letter.

Matthew Fowler, GDOT Assistant Planning Administrator, presented potential recommendations for the Task Force to discuss on each of the seven selected funding strategies. At the conclusion of the presentation, the Task Force elected to focus on the following strategies as recommendations to the Governor:

1. Indexing the state (and any local level) motor fuel tax to inflation
2. Shifting the motor fuel tax point of collection from the distributor to the terminal
3. Local Option Transportation Tax
4. State Infrastructure Bank
5. Public/Private Owned and Operated Toll Roads

Following the decision to focus on the top four strategies, GDOT staff was instructed to prepare a draft report for distribution to the Task Force members. The fifth meeting of the Task Force was scheduled for November 5, 2004 at 9:00am; at which time the Task Force will adopt the final report and recommendations for submittal to the Governor.

See Attachment Five for a copy of the meeting minutes and presentations.



### ***Meeting Number Five-November 5, 2004***

On Monday, November 1, 2004, Task Force Chairman, Harold Linnenkohl, e-mailed a draft version of the Task Force report to the Task Force members for their review and comments. On November 5, 2004, at 9:00am in the GDOT Building the Task Force reconvened to review the comments and responses received on the draft report. During the November 5, 2004 meeting, the Task Force members reviewed the draft report and made modifications to the report as necessary.

See Attachment Six for a copy of the meeting minutes.

### ***Detailed Findings of the Eighteen Funding Strategies Investigated by the Task Force***

As a result of the first meeting of the Task Force, held on August 11, 2004, the GDOT Office of Planning was instructed to explore all local level funding options being used in other states by local governments. The possibility of an increase in the state motor fuel tax was discussed but the Task Force focused its work primarily on local level initiatives.

The Governor's Task Force on Local Transportation Strategies recognizes that funding for local transportation needs has reached a critical stage. While local governments are willing to assume some of the responsibility for funding local transportation needs through strategies such as a local option transportation tax, local funds are only a part of the solution. Long-term funding solutions will require a combination of state and local transportation funding sources.

While this Task Force has made progress in identifying legislative changes that would result in additional state revenues and options for local government financing, we recognize that this is only the first phase in the search for long term, sustainable solutions that will fully meet local transportation needs. Therefore, in order to continue dialogue on this issue, it is the recommendation of the Task Force that the Governor continue the Task Force so that it may continue to examine long term state funding solutions for local transportation and transit needs. We propose that the Task Force be required to submit its findings and recommendations in the form of a final report for state funding strategies for local transportation and transit needs to the Governor no later than July 1, 2005. This will allow representatives from local government associations and transportation agencies to continue to review and comment on each of the strategies proposed in this report, as well as to identify ways in which state and local funds can be maximized to meet local transportation needs.

Initially, sixteen different local transportation funding strategies were identified. It is the desire of the Task Force that all recommended strategies are able to benefit transit improvements as well as highway and bridge needs, unless expressly prohibited by the state constitution. In addition, GBT recommended three other funding strategies: creating a local option sales tax for non-attainment counties; indexing the motor fuel tax



to inflation; and shifting the motor fuel tax point of collection from the distributor to the terminal.

The GBT recommendation to impose a local option sales tax for non-attainment counties was incorporated into the GDOT identified local option sales tax proposal (ultimately referred to as a Transportation Local Option Sales Tax-TLOST), bringing the total number of local government funding strategies to eighteen. Each of the eighteen funding strategies are detailed below:

### ***1. Indexing the State (and any local level) Motor Fuel Tax to Inflation***

The result of indexing the motor fuel tax to inflation is an annual increase or decrease in the motor fuel excise tax based on the Consumer Price Index (CPI) as determined by the U.S. Department of Labor. Indexing state and local motor fuel taxes to inflation would, based on past trends, result in a 2% annual increase. Indexing allows transportation providers to maintain constant buying power in an industry experiencing ever rising construction and right-of-way costs and is not an arbitrary increase in taxes.

When adjusted for inflation, the cost of gasoline per Vehicle Mile Traveled (VMT) is lower now than in 1973. The drop in the cost per mile traveled is attributed primarily to two factors: a drop in inflation adjusted gas prices and improved fuel economy for vehicles. The following chart, from the American Petroleum Institute, lists gas prices per VMT for select years from 1973 to 2002:

<b>Year</b>	<b>Cents per VMT</b>
1973	11.8
1977	13.6
1982	14.2
1987	8.4
1992	7.3
1997	6.8
2002	6.7

The following chart lists the change in price of gasoline and other goods and services between 1984 and 2004: (source: American Petroleum Institute)

<b>Item/Service</b>	<b>% Increase</b>
Gasoline	44.5%
Coffee	45.0%
Cereal	87.0%
Postage	90.9%
Airline Fare	127.6%
Water/Sewer	162.5%
Medical Services	174.5%
Prescription Drugs	232.1%
College Tuition	328.5%

If the state motor fuel excise tax were indexed to the CPI beginning in 2005, the state could expect to receive an additional \$2,300,000,000 cumulatively between 2005 and 2024. It is important to note that additional revenues generated by indexing the state motor fuel tax to inflation can not be used to fund transit improvements due to constitutional limitations.

**Task Force Recommendation: Propose/support legislation to index state and local motor fuel excise taxes to the CPI.**

## ***2. Shifting the Motor Fuel Tax Point of Collection from the Distributor to the Terminal***

There are three locations at which to collect motor fuel taxes: retailer, distributor and terminal. Presently in Georgia there are approximately 8,000 retailers, 300 distributors and 45 terminals. The terminal is the point at which distributors purchase gasoline for delivery to the retailers (gas stations).

In Georgia both the motor fuel excise and motor fuel sales taxes are collected at the distributor level. Twenty-one states and the federal government presently collect their motor fuel taxes at the terminal. Shifting the point of collection from the distributor to the terminal level would reduce the opportunity for error and tax evasion to occur. Since the federal motor fuel tax is presently collected at the terminal level, the terminals are already equipped to accurately account for the collection of taxes. Shifting the point of collection from the distributor to the terminal is anticipated to generate at least an additional \$10,000,000 annually. The increase in revenue would benefit all programs (federal-aid, state-aid and LARP). It is important to note that additional revenues generated by shifting the state motor fuel tax point of collection from the distributor to the terminal can not be used to fund transit improvements due to constitutional limitations.

**Task Force Recommendation: Support legislation to shift the state and local motor fuel excise and motor fuel sales tax point of collection from the distributor to the terminal levels.**

## ***3. Local Option Transportation Tax (LOTT)***

Also referred to as a local option motor fuel tax, this proposed strategy would allow local governments to assess an excise tax on each gallon of gasoline sold. Presently, 16 states permit local governments to assess a local tax on gasoline.

Florida allows local governments to assess between \$0.05 and \$0.12 per gallon, however, approximately half of the locally assessed motor fuel tax collections presently go to the state's general fund. For example, if a county elects to assess the maximum \$0.12 per gallon motor fuel tax; \$0.073 of the locally assessed motor fuel tax collections go to the state's general fund, and are referred to as a "service charge." However, under current Florida law, the service charge allocation will be modified during Florida's Fiscal Year



2006 (July 1, 2005-June 30, 2006) and FY 2007 (July 1, 2006-June 30, 2007). Beginning in FY 2006 \$0.035 of the locally assessed motor fuel tax will go to Florida's general fund, while \$0.038 will go to the FDOT. Of the \$0.038 of the locally assessed motor fuel tax allocated to FDOT, 80% must be spent on the county incentive program which basically funds local projects; the remaining 20% of the funds allocated to FDOT must be spent on small county assistance which basically funds resurfacing projects. Beginning in FY 2007, the entire \$0.073 service charge will be allocated to FDOT with 80% of the funding going towards the county incentive program and 20% of the funding going towards the small county assistance resurfacing program. Nationwide, most locally assessed gasoline taxes are dedicated for transportation uses.

A LOTT on gasoline would provide a direct and stable funding stream for local governments and the tax would be borne solely by transportation users. There is the potential for public resistance to an additional tax; however, placing the tax at the local level may be more acceptable to the general public based on a feeling of greater control and accountability of government at the local level.

A one cent per gallon excise tax would generate approximately \$7.00 per person annually. As an example, the following chart illustrates potential annual revenue collections based on a \$0.01 excise tax for various size counties:

County Population	Potential Annual Revenue Collections*
25,000	\$175,000
100,000	\$700,000
200,000	\$1,400,000
650,000	\$4,550,000

*\*Note: Actual revenue received by counties is dependent upon the ultimate distribution formula.*

**Task Force Recommendation: Propose/support legislation to allow local governments the ability to assess a Local Option Transportation Tax (LOTT) ranging from \$0.01 to \$0.10 per gallon. Allow LOTT revenues to be spent for transit purposes.**

#### ***4. State Infrastructure Bank (SIB)***

Thirty-two states presently have SIBs which fund transportation improvements. A State Infrastructure Bank (SIB) is a revolving transportation fund which offers loans, loan guarantees, lines of credit, debt service reserve funds, and bond insurance to transportation project providers. Nationwide SIBs are typically capitalized using a variety of funding sources, such as: federal highway funds, federal transit funds, state highway funds, state transit funds, or state general funds. Local funds could also be used to capitalize a SIB.



It is important to note that loans made from the account containing federal highway and federal transit funds must follow the standard federal-aid process, including adhering to the 1969 National Environmental Policy Act (NEPA). This is because the SIB's federal funds never lose their federal identity and thus any loan made with federal funds, or interest generated from loans using federal funds, must always adhere to the federal-aid process and regulations.

Nationally, SIBs are typically overseen by a Board of Directors, which determines project eligibility and selection. There is usually a formal application and review process completed by staff on each project for the Board's review. The application typically includes information on each project such as: project type; project need and purpose; public benefit; estimated costs; local match in funding and revenue stream to repay the loan. Each year the SIB would produce an annual report detailing expenditures and repayment schedules.

Most states have provisions stating that failure of a local government to repay the loan would result in a loss of state funding. Loan terms typically range anywhere from less than 5 years to 40 years. However, if a loan is made using federal funds, the maximum term of the loan is 30 years. According to the Federal Highway Administration (FHWA), as of June 2002, 32 states have entered into 294 loan agreements; which total over \$4,000,000,000 using federal funds.

**Task Force Recommendation: Support legislation to create a State Infrastructure Bank. Allow transit improvements to qualify for SIB funding as well as highway and bridge needs.**

##### ***5. Public/Privately Owned and Operated Toll Roads***

Four states permit local governments to operate toll roads in a public-private partnership, while twenty states permit local governments to operate toll roads independent of a public-private partnership arrangement. The benefits of constructing toll roads, initially with bond funding, is the ability to accelerate construction of the facility in the absence of available funding.

The Task Force was initially interested in pursuing options which would allow local governments to construct, own, operate, and maintain local toll roads outside of a public-private partnership and to construct, own, operate and maintain local toll roads which crossed jurisdictional boundaries. After ACCG and GMA presented an opinion that locally owned and operated toll roads are already permitted under existing state law, the Task Force elected to not pursue this initiative.

SRTA spoke on toll roads and their desire to partner with local governments regarding the construction and operation of toll roads. SRTA is not prohibited from working with local governments regarding toll roads; however, SRTA would appreciate more explicit legal authority prior to assisting local governments with toll roads.

SRTA also presented on the Regional Mobility Authorities (RMAs) which are used in Texas. The RMAs were first authorized in Texas in 2001. In Texas a RMA can be created by one county or multiple counties and the RMA is an independent government authority. The RMAs can issue bonds which are not a debt of the state or local government. The RMAs can construct toll roads and use surplus revenues from toll roads to fund additional projects. The RMAs can also construct multi-jurisdictional toll roads, assuming each affected jurisdiction is in agreement.

**Task Force Recommendation: Authorize and encourage private/public partnerships for the construction and operation of toll facilities.**

#### ***6. Transportation Local Option Sales Tax (TLOST)***

Thirty-six states permit the imposition of local option sales taxes to fund transportation improvements. Note: the TLOST was referred to as a Sales and Use Tax in the September 13, 2004 presentation. A Transportation Local Option Sales Tax (TLOST) would function similarly to the current local option sales taxes imposed in Georgia. The TLOST would be a 1% tax on retail sales, leases, uses or consumption of tangible personal property and selected services; identical to the currently permitted Special Purpose Local Option Sales Tax (SPLOST). The tax could be imposed by any local government or only by local governments located within a non-attainment or maintenance area as designated by the U.S. Environmental Protection Agency (EPA).

Presently, 36 states, including Georgia, permit the expenditure of local option sales tax revenues on transportation improvements. Nationally, local option sales taxes are typically approved by municipal ordinance or by voter referendum, and the referendum or ordinance specifically identifies the capital projects which will receive the tax revenues. The tax usually includes sunset provisions ranging from 5 to 25 years; however, most sunset provisions are between 5 and 10 years.

A TLOST would provide a direct and stable funding stream for local governments to fund transportation improvements. There is always the potential for public resistance to an additional tax; however, placing the tax at the local level of government; and specifically including sunset provisions and voter approval by referendum may be more acceptable to the general public. Unlike the Local Option Transportation Tax (LOTT), the TLOST does not distinguish between frequent and infrequent transportation users because the tax is assessed on the sale, lease and consumption of goods and services.



Currently, Georgia law permits local governments to assess up to a 3% sales tax, this is in addition to the 4% state sales tax; except for the City of Atlanta which is permitted an additional 1% to fund water and sewer system upgrades. Counties may select from the following types of sales taxes to include in their 3% maximum:

- 1% local option sales tax for education
- 1% local option sales tax to offset property taxes
- 1% Special Purpose Local Option Sales Tax (SPLOST) for capital improvements
- 1% Homestead Option Sales Tax (HOST) of which a minimum of 80% must go towards property tax relief for homeowners claiming homestead exemption, the remainder may go towards capital improvements
- 1% sales tax to fund MARTA (currently assessed in the City of Atlanta and Fulton and DeKalb Counties)
- 1% sales tax for water and sewer system upgrades (only permitted in the City of Atlanta)

The following table lists the potential annual revenues generated by a 1% sales tax: (source: Georgians for Better Transportation)

County	Annual Revenue	County	Annual Revenue
Cherokee	\$21,600,000	Forsyth	\$20,100,000
Clayton	\$47,400,000	Fulton	\$200,000,000
Cobb	\$117,500,000	Gwinnett	\$120,100,000
Coweta	\$13,800,000	Henry	\$17,700,000
DeKalb	\$94,600,000	Paulding	\$8,600,000
Douglas	\$17,500,000	Rockdale	\$14,800,000
Fayette	\$16,200,000		

### **No Recommendation from Task Force to Governor concerning TLOST**

#### ***7. Impact Fees***

Eight states presently permit the levying of impact fees. Impact fees in Georgia are permitted under the 1990 Development Impact Fee Act (DIFA) and are a one time payment imposed upon a developer to pay for a proportionate share of system improvements needed to serve growth and new development. Eligible uses for impact fee revenues include: water supply, production, treatment and distribution; wastewater collection, treatment and disposal facilities; roads, streets and bridges; storm water systems; parks, open spaces and recreation areas; libraries; public safety (police, fire, emergency medical services and rescue facilities); and 3% of fee collections may be used for administration costs.



Revenues vary by jurisdiction, and there is no statutory limit of the fee amount. Based on a survey of Georgia jurisdictions imposing impact fees, the fee ranges from \$1,500-\$2,000 per house and approximately \$0.15-\$0.50 per square foot of commercial space. Only 28 jurisdictions, out of approximately 560, levy impact fees in Georgia.

It is important to note that impact fees can only be used to accommodate new growth and can not be used to raise the system's overall level-of-service higher than the existing level-of-service. For example: if a local government is experiencing a level-of-service "D" on a particular highway where a development is planned, then the impact fee imposed on that development can only be used to maintain (avoid degrading) the existing level-of-service "D" on the highway; the fee can not be used/levied to raise the level-of-service to "C" or higher.

Imposition of impact fees require that the local government's state mandated Comprehensive Plan include a Capital Improvements Element (CIE), which meets the Georgia Department of Community Affairs (DCA) requirements. DCA requirements include: projection of needs; service area for fee; levels-of-service; schedule of improvements; and funding sources.

To establish an impact fee, a local government must: establish a Development Fee Impact Advisory Committee; decide which services will use the impact fee; hold public hearings; develop the CIE; submit the CIE to the local RDC/DCA for review; adopt the CIE; adopt an impact fee ordinance; establish administrative oversight; and prepare annual reports.

Through discussions, it appears that the greatest challenges associated with impact fees are developers resisting the fee through political means and the administration of the fee by the local government. Based on comments within the Task Force group, the requirements of the current law are bureaucratically burdensome, especially for small counties. Increased use of impact fees might be encouraged through legislation reducing the requirements for the imposition of the fees and granting local governments the ability to charge for government services.

#### **No Recommendation from Task Force to Governor concerning Impact Fees**

#### ***8. Local Bonds***

Forty-four states permit local governments to issue bonds for transportation improvements. Nationwide, these locally issued bonds are typically backed by anticipated property tax revenue or local sales taxes. The issuance of bonds allows the acceleration of needed transportation improvements. However, the issuance of bonds obligates future funding and does require a revenue stream for repayment. Potential revenues would vary based on the size of the bond program and there are no legal issues in Georgia, as this strategy is presently permitted under state law.

#### **No Recommendation from Task Force to Governor concerning Local Bonds**

## ***9. Parking Tax***

Four states permit parking tax revenues to fund transportation improvements. A parking tax is typically assessed on parking facilities and is based on the number of parking spaces or parking fee revenues. New Jersey permits local governments to assess a 15% tax on parking, with the revenues going into the local government's general fund. In addition to providing a source of funding, another potential benefit of implementing a parking tax is the tax might encourage transit use. However, it is expected that imposition of parking tax would be met with great resistance by the general public. Implementing parking taxes in Georgia would require legislative action by the General Assembly.

### **No Recommendation from Task Force to Governor concerning Parking Tax**

## ***10. Business Tax***

Seven states permit the expenditure of business tax revenues on local transportation improvements. Business taxes include payroll/profit taxes; business licenses; and fees and taxes based on the type, size, or number of employees at a business. Revenues often go into the local government's general fund, with some money being spent on transportation improvements. In some locations, employers encouraging trip reduction strategies (carpooling, transit use and teleworking) may receive tax breaks.

Kentucky permits local governments in the Kentucky portion of Metropolitan Cincinnati and Louisville to assess payroll taxes. The payroll taxes in the Kentucky portion of Metro Cincinnati (population 325,000) and Louisville (population 700,000) generate a combined revenue of \$33 million annually. Some forms of business taxes are presently permitted in Georgia, the assessment of payroll/profit taxes would require a change in state law.

### **No Recommendation from Task Force to Governor concerning Business Tax**

## ***11. Hotel-Motel Tax***

Five states permit local governments to impose a hotel-motel tax to fund transportation improvements. Revenues from this excise tax on rooms and lodging typically go into the local government's general fund. Typically, hotel-motel taxes go towards promoting tourism; if this tax were imposed for transportation improvement purposes the tax could divert funding from tourism promotional purposes and ultimately could result in a loss of tourism/convention business. A benefit of the hotel-motel tax funding transportation improvements is that the tax is primarily borne by non-residents. Imposing a hotel-motel tax for transportation improvements would require legislative action by the Georgia General Assembly.

### **No Recommendation from Task Force to Governor concerning Hotel-Motel Tax**



## ***12. Hospitality Fee***

One state, South Carolina, permits local government to assess a hospitality fee. The hospitality fee is a 2% tax on meals and beverages with revenues going to tourism related capital improvements, including transportation. The tax is disproportionately paid by non-residents (as tourists are more likely to eat at restaurants). Two potential negatives associated with the tax are the public resisting an additional tax and a perception of discouraging tourism and convention activities. Imposition of a hospitality fee in Georgia would require legislative action. Horry County, South Carolina (Myrtle Beach) collects approximately \$2.76 million annually for transportation improvements from the hospitality fee.

### **No Recommendation from Task Force to Governor concerning Hospitality Fee**

## ***13. Bicycle Sales Tax***

One state, Colorado, permits local governments to assess a sales tax on bicycles. Colorado Springs (population 385,000) assesses a \$4 tax on each bicycle sold; collecting \$60,000 annually. The revenues are used to construct bicycle paths and other facilities. The bicycle tax creates a dedicated source for bicycle infrastructure improvements; however, there is the potential for resistance against an additional tax. Legislative action would be required to implement a bicycle tax in Georgia.

### **No Recommendation from Task Force to Governor concerning Bicycle Sales Tax**

## ***14. Rental Car Tax***

Six states permit rental car tax revenues to be spent on local transportation improvements. Revenues typically go into the local government's general fund, which could fund transportation improvements. This potential source of revenue would be borne primarily by visitors; however, a rental car tax could divert funding away from an existing program funded with rental car taxes. There is also the potential for public resistance to an additional tax. Marion County, Indiana (Indianapolis-population 860,000) generates approximately \$1.3 million annually for transportation improvements.

### **No Recommendation from Task Force to Governor concerning Rental Car Tax**

## ***15. Road Utility Fee***

Road Utility Fees are no longer in use in any state; however, prior to 1995 Washington State did allow the imposition of road utility fees. Under a Road Utility Fee system, property owners pay the local government a fee based on the number of linear feet of road frontage their property has (similar to a streetlight fee assessment). Revenues generated are used to improve the road directly in front of the property owner. The property owner might realize an increase in property values based on the road in front of the property being adequately maintained. In addition to being an additional source of

revenue, another positive feature of road utility fees is the tax burden is placed solely on those benefiting from the improvement.

In addition to the public's resistance to an additional tax/fee, road utility fees are typically not well received and are often subject to legal challenges. Seattle, Washington (population 570,000) generated \$14 million annually prior to the Washington State Supreme Court ruling the fee unconstitutional in 1995.

#### **No Recommendation from Task Force to Governor concerning Road Utility Fee**

##### ***16. Vehicle Registration Fee/Ad-Valorem Tax***

Thirty-two states permit the assessment of vehicle registration fee and ad-valorem taxes. Nationally, the revenues from this assessment are used to fund transportation improvements. These fees are typically either a flat fee or a tax based on the vehicle's value. The fee/tax is usually paid annually by the vehicle owner. This type of tax directly taxes transportation users and has low collection and administration costs. Tax revenues increase as vehicle costs increase. Non-residents using the transportation system do not pay the fee, and using existing revenues generated by vehicle registration/ad-valorem could divert funds from other programs.

Vehicle registration fees are presently permitted in Georgia, with the revenues going to the state (Department of Motor Vehicle Services). Ad-valorem taxes are also permitted in Georgia, with revenues going to the local government. According to the Atlanta Regional Commission (ARC) if the 18 county Metro Atlanta region (population approximately 4 million) assessed a personal property tax on vehicles, each mill would generate approximately \$11.8 million annually.

#### **No Recommendation from Task Force to Governor concerning Vehicle Registration Fee/Ad-Valorem Tax**

##### ***17. Property Tax***

Forty-six states permit the assessment of property taxes based on property values, with revenues typically going into the local government's general fund. Some local governments automatically allocate a certain percent of property taxes for transportation improvements. Property taxes are a large and reliable revenue source. However, there are equity issues with using property taxes to fund transportation improvements because non-residents do not pay the tax.

The use of property taxes for transportation improvements could divert funds from other programs, and increases in property taxes are typically not supported by the general public. According to ARC, each 1 mill increase in property taxes for the 18 county Metro Atlanta area would generate approximately \$144 million annually.

#### **No Recommendation from Task Force to Governor concerning Property Tax**



### ***18. Special Tax Districts***

Thirty-two states allow the creation of special tax districts. Under this funding scenario local governments assess a special tax for a specified region/area. Types of special taxes assessed in this district could include: local option sales tax, local option gas tax, parking tax, and property tax. Funds typically go to specific capital improvements such as transportation projects. A special tax district could generate increased revenues, which businesses and residents often support because of the specific nature of the projects which the revenues will be spent on. In Georgia Community Improvement Districts (CIDs) are presently permitted, however, a "regional" tax would require legislative action to implement.

### **No Recommendation from Task Force to Governor concerning Special Tax Districts**

## **Attachment One**

### **Executive Order Creating the Governor's Task Force on Local Transportation Strategies**





# THE STATE OF GEORGIA

## EXECUTIVE ORDER

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### BY THE GOVERNOR:

- WHEREAS: The total transportation system of the State of Georgia is vital to the continued economic prosperity of the state;
- WHEREAS: This transportation system is necessary to the movement of commerce as well as the workforce across the state and is a key element of the state's economic development and tourism efforts;
- WHEREAS: While the state and federal system of on-system roads provide the backbone of the transportation system and carry the largest traffic volumes, more than 83% of the roads that connect to this backbone are county roads and city streets;
- WHEREAS: There are special needs that local governments have in developing and maintaining these off-system transportation links;

**NOW, THEREFORE, BY VIRTUE OF THE POWER  
VESTED IN ME AS GOVERNOR OF THE STATE OF  
GEORGIA, IT IS HEREBY**

- ORDERED: That there is created the Governor's Task Force on Local Transportation Strategies which is charged with the responsibility of reviewing and making recommendations with respect to laws, policies and current funding options available to counties and cities to meet the needs of their individual communities as well as the relationship with the state in maximizing the current transportation resources.

### IT IS FURTHER

- ORDERED: That the Governor's Task Force on Local Transportation Strategies shall include the following persons:

The Commissioner of the Georgia Department of Transportation;

The Executive Director of the Georgia Regional Transportation Authority;

The Executive Director of the State Road and Tollway Authority;

The Commissioner of the Department of Community Affairs;

The Executive Director of the Association County Commissioners of Georgia (ACCG);

The Executive Director of the Georgia Municipal Association (GMA);

The Executive Director of the Georgia Economic Developers Association (GEDA);

The President of the Georgia Association of Regional Development Centers;

Three County Commissioners appointed by the Governor;

Three City Officials appointed by the Governor;

Three representatives from Georgia's metropolitan planning organizations appointed by the Governor;

A representative of Georgians for Better Transportation appointed by the Governor; and

A representative of the Georgia Highway Contractors Association.

**IT IS FURTHER ORDERED**

That the chairpersons of the Senate Transportation Committee and the House Transportation Committee may serve *ex officio* in an advisory capacity to the Governor's Task Force on Local Transportation Strategies.

**IT IS FURTHER ORDERED**

That the Commissioner of the Department of Transportation shall serve as Chairman of the Task Force and the staff of the Department of Transportation shall provide administrative support for the Task Force.

**IT IS FURTHER ORDERED**

That the Task Force shall present its report on a strategy for addressing the needs of the off-system transportation network to the Governor by November 1, 2004 at which time the Task Force shall be dissolved.

This 14 day of April, 2004

  
Governor



**Attachment Two**

**August 11, 2004 Meeting Minutes**

**and**

**Presentation**

# Governor's Task Force on Local Transportation Needs



*That there is created the Governor's Task Force on Local Transportation Strategies which is charged with the responsibility of reviewing and making recommendations with respect to laws, policies, and current funding options available to counties and cities to meet the needs of their individual communities as well as the relationship with the state in maximizing the current transportation resources*

**Meeting Date:** August 11, 2004

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**Present:** GDOT Commissioner Harold Linnenkohl, GRTA Director Steve Stancil, State Road and Tollway Executive Director Doug Hooker, DCA Commissioner Mike Beatty, ACCG Executive Director Jerry Griffin, GMA Executive Director Jim Higdon, GEDA Executive Director Cullen Larson, Georgia Association of Regional Development Centers President John Leonard, Georgians for Better Transportation Wayne Shackelford, Georgia Highway Contractors Association Steve Parks, Honorable Boyd Austin, Honorable Jim Burgess, Honorable Rod Casey, Honorable Katie Dempsey, Honorable Jim Ham, Honorable Karen Handel, Honorable Robert Poydasheff, Honorable Elmo Richardson, Honorable Jan Tankersly, Representative Paul Smith

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**Welcome and Introductions:** Commissioner Linnenkohl welcomed everyone to the meeting and asked everyone to introduce themselves. Everyone on the task force has first hand knowledge of the issues, and Commissioner Linnenkohl hopes that everyone will have input into this process and develop strategies. Commissioner Linnenkohl noted that the presentation today is just a starting point and that the Task Force needs to come up with recommendations to the Governor by November 1, 2004.

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**Presentation:** Briefing on Transportation Needs, Project Delivery and Funding by Paul Mullins, GDOT Chief Engineer. Presentation focused on state and federal funding streams, types of projects, project delivery processes, funding allocations, transit activities, federal legislation, local and state policies, bonds, and motor fuel tax. Presentation will be mailed to Task Force members.

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**Discussion:** Issues identified by the task force to be addressed are as follows:

- |                                       |   |
|---------------------------------------|---|
| Issue 1: Right of Way                 | <ul style="list-style-type: none"><li>• Requested GDOT review its policy on ROW requirement of 60-80 feet</li><li>• Policy is to protect State's investment in road infrastructure (for example: protection against erosion due to water and drainage) and ROW is used as an eligibility requirement for State Aid funding</li></ul>  |
| Issue 2: Environmental Review Process | <ul style="list-style-type: none"><li>• Environmental review process needs to be streamlined (Bibb County)</li><li>• GDOT is meeting with Federal Highway officials to discuss further</li><li>• Bartow County is approved as a test for streamlining</li><li>• Look at constraints placed on the process by other agencies</li></ul> |
| Issue 3: Advanced Funding             | <ul style="list-style-type: none"><li>• Advanced funding for county contracts – Local paving projects are held up by GDOT for lack of an assigned number</li><li>• Can GDOT assign numbers in advance</li><li>• GDOT can issue the number in advance if the contract is approved and ROW is certified</li></ul>                       |
-



# Governor's Task Force on Local Transportation Needs



Issue 4: Funding Sources	<ul style="list-style-type: none"><li>• Need a reliable continuing source of funding</li><li>• Need to identify sources, options, and then work on expanding them</li><li>• Look at other strategies for increasing efficiency outside of funding sources</li><li>• Look at short term options that can be implemented, such as increasing revenues</li><li>• Do local governments have enough funds for State Aid match</li></ul>
Issue 5: Growth	<ul style="list-style-type: none"><li>• There has been a large growth in transportation needs and communities continue working with very limited funds</li><li>• Need funding alternatives – overriding issue is money</li><li>• Funding for increased growth could come from impact fees, new sources of statewide funding, or potential funding streams from local level</li></ul>
Issue 6: Explore Funding Options	<ul style="list-style-type: none"><li>• Increased gas tax and similar options</li><li>• Educating legislators to increase/ change funding</li><li>• State level options may differ from the local level options, there are two levels of funding streams and need to explore both</li><li>• SPLOST is an option but program is capped at 5 years where it goes back to the public for a vote</li><li>• Community Improvement Districts (CIDs) and TAD are local methods for taxation that could be used</li><li>• Military and Homeland Security – there are many cities involved with military and homeland security, such as Warner Robins, Ft. Benning, and Ft. McPherson. Could look at the use of security funds to help with transportation needs</li><li>• Florida has a local fuel tax option</li><li>• Local motor fuel tax would provide funds for areas with state highways, but not for bedroom communities</li><li>• Economic developers realize transportation is an issue and may be willing to contribute a larger share</li><li>• Look at pro's and con's of all options identified by the Task Force</li><li>• Look at the increased funding that would be obtained by each option identified</li></ul>
Issue 7: Debt Service	<ul style="list-style-type: none"><li>• Committee needs to look at seriousness of problem</li><li>• Prior to 1999 the State never went over \$35 million to pay debt, at present, debt service is over \$100 million</li><li>• Debt service is paid by GDOT's motor fuel tax</li><li>• Bonds – this is borrowing against the future</li></ul>
Issue 8: Combining Effort	<ul style="list-style-type: none"><li>• Suggestion to pilot the Regional Development Centers</li><li>• State agencies, Department of Community Health and Department of Human Resources may be duplicating efforts (i.e. transit buses). Need to combine efforts.</li><li>• Combining efforts would be more cost effective</li></ul>
Issue 9: Prioritization	<ul style="list-style-type: none"><li>• Is GDOT going to provide a list of priorities from their perspective to the Task Force?</li><li>• Changes / ideas the Department has that could be implemented</li><li>• Discussions that could be held around the ideas</li><li>• Review of GDOT policies and discussions of any possible changes to those policies that would improve delivery and reduce costs</li></ul>
Issue 10: Clear picture and use of technology	<ul style="list-style-type: none"><li>• Are we sure that we have an accurate assessment of the needs?</li><li>• Example: Posted truck weight limits on bridges vs. actual. Using technology that is out to actually test for weight loads</li><li>• Use bridge technology to better assess the inventory</li><li>• Look at ways that technology could increase efficiency and reduce funding needs</li></ul>

# Governor's Task Force on Local Transportation Needs



## Issue 11: Communication

- Provide a copy of today's presentation so representatives on the task force can go to their communities and get more information on local needs and methods of addressing those needs

## Topics for Next Meeting

Many ideas were suggested during the issues discussion at the meeting. Some requests came from the task force to see a presentation that expands on the ideas, researches potential options, and the pro's and con's of each. These include:

1. Identify potential new funding sources and discuss pros and cons
2. Compile information obtained from local input solicited by Task Force members
3. Identify priorities from GDOT level and discuss with Task Force
4. Identify and discuss the true transportation needs
5. Describe funding options by other States – want to see pro's, con's and dollars generated
6. Describe 5/5/5 statutory funding formula for the motor vehicle fuel tax (5% on-system, 5% off-system and 5% most needed) and include in next meeting's presentation

## Next Meeting Date

**MONDAY SEPTEMBER 13<sup>TH</sup> 10:00 AM – 12 NOON**  
**ROOM 401**  
**GEORGIA DEPARTMENT OF TRANSPORTATION**  
**#2 CAPITOL SQUARE**  
**ATLANTA, GEORGIA**

## Glossary:

*Grant Anticipation Revenue Vehicle (GARVEE):* Any bond or note repayable, either exclusively or primarily, with future Federal-aid Highway Funds

*Intermodal Surface Transportation Efficiency Act (ISTEA):* Surface transportation legislation created by Congress in 1991 to guide and fund the nation's transportation system through fiscal year 1997

*Local Assistance Road Program (LARP):* The Georgia resurfacing program designed to assist local governments in preserving their paved road systems

*National Highway System (NHS):* A network of interstates and other major routes that can link different modes of transportation together

*Statewide Transportation Improvement Plan (STIP):* A list of federally-funded, priority transportation projects proposed to be carried out in the first three years of adoption

*Statewide Transportation Plan (SWTP):* An outline for meeting Transportation 2000 objectives over a 20-year period

*The Transportation Equity Act for the 21st Century (TEA-21):* Is an ISTEA reauthorization bill:  
(<http://www.fhwa.dot.gov/tea21/summary.htm>)



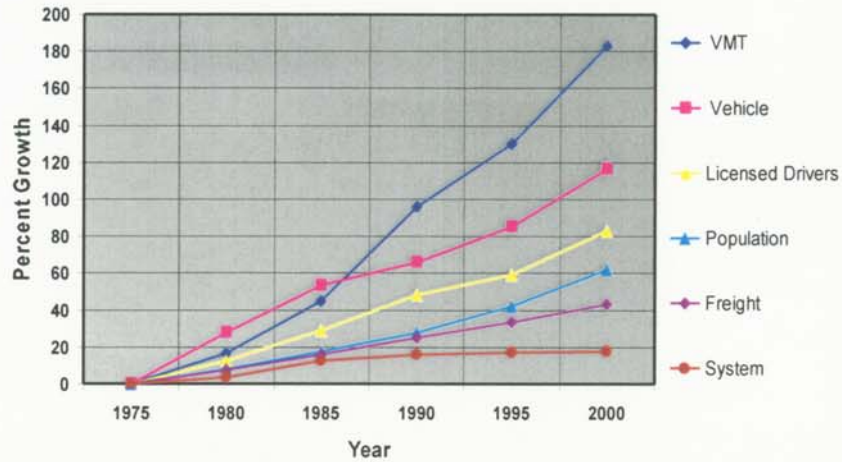
# **Governor's Task Force on Local Transportation Strategies**

Meeting # 1  
August 11, 2004

## **Agenda**

- Welcome and Introductions
- Briefing on Transportation Funding and Project Delivery
- Discuss Issues/Ideas
- Quantify Additional Information Needed
- Next Meeting Time and Draft Agenda
- Adjourn

## Highway System Needs



Briefing on Transportation Funding and Project Delivery

## Off System Roadway Needs

- 159 Counties and 632 Cities
- System of 95,940 miles of county roads and city streets
- 66,377 paved
- 29,563 remain unpaved
- 7,814 bridge/drainage structures inventoried by DOT Maintenance Office (span over 20 ft)



## Mileage and Vehicle Miles Traveled/Day

	Mileage	Percent of Total Mileage	VMT	Percent of Total VMT
City Streets	13,670	12%	21,719,593	7%
County Roads	82,271	72%	84,613,301	29%
State Routes	18,055	16%	186,229,486	64%
<b>Total</b>	<b>113,996</b>	<b>100%</b>	<b>292,562,380</b>	<b>100%</b>

Briefing on Transportation Funding and Project Delivery

## Surface Type of Public Roads in Georgia

	Unpaved Mileage	Surface Treatment	Asphalt	Concrete	Paved Mileage	Total Mileage
State Routes	0	315	16,921	819	18,055	18,055
County Roads	29,033	18,124	35,045	69	53,238	82,271
City Streets	531	2,541	10,418	180	13,139	13,670

Briefing on Transportation Funding and Project Delivery

## **Current State and Federal Funding**

- **Two similar but different processes for funding local transportation projects**
  - **State Funded**
    - Less \$
    - Less Regulation
    - Generally Shorter Delivery Times
  - **Federal Funded**
    - More \$
    - More Regulations
    - Generally Longer Delivery Times

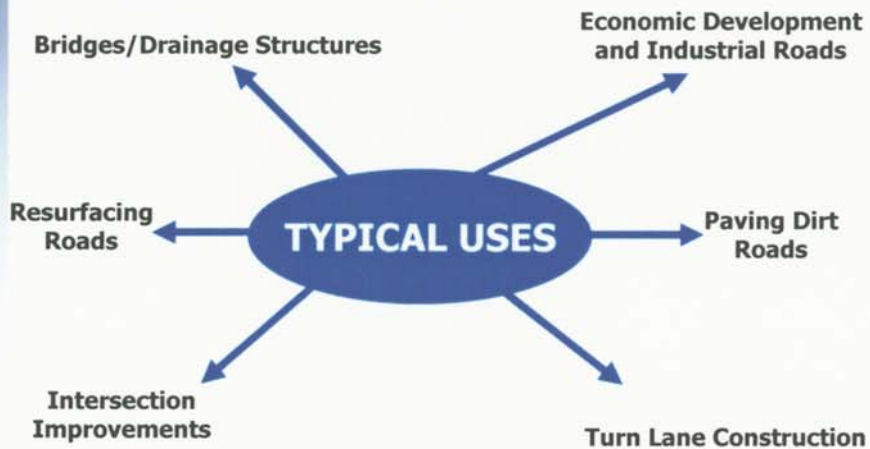
## **State Funded Projects**

- **County/City Contract (State Aid)**
- **Bridge Replacement and Rehab (State Aid)**
- **Local Assistance Road Program (LARP)**



## State Funded Projects

### County/City Contract Program



## State Funded Projects

### • County/City Contract Program

- Locals identify Transportation needs and submit to the DOT for funding consideration
- Selections are made from Locals priority lists based on serviceability, cost and available funds
- County and City are responsible for surveys, design, permits, construction, and maintenance
- Locals are responsible for all R/W and utilities
- Majority of County/City contracts are let by Locals
- DOT provides construction supervision

## **State Funded Projects**

- **County/City Contract Program**

- Statutory Funding - Motor Vehicle Fuel Tax:  
5% On System, 5% Off System, 5% Most Needed
- Contract funding level is set by the Commissioner using the State Aid formula as a guide
- Formula is based on Population, Road Mileage and Total Funds Available
- County/City Contract prices are set at approximately 60 % of DOT Let prices for the last two lettings

## **State Funded Projects**

- **Bridge Replacement and Rehab**

- Equipment Loan
- Material
- Repairs
- Replacement

## State Funded Projects

### Average Construction Cost

#### Resurfacing Two Lane Road

- County/City Contract      Let Cost
- \$24,000 / MILE      \$39,000 / MILE

#### Grade, Drain, Base and Pave (Dirt Road)

- County/City Contract      Let Cost
- \$125,000 / MILE      \$260,000 / MILE

## State Funded Projects

### Statewide Let Prices

	DIST 1	DIST 2	DIST 3	DIST 4	DIST 5	DIST 6	DIST 7	C0 CONT
LEVELING	45.39	47.07	40.16	40.91	49.02	43.21	50.32	25.44
12.5 MM	44.01	39.64	37.82	40.99	48.46	79.43	42.24	23.40
9.5 MM	43.21	41.08	39.03	44.35	43.00	40.5	41.46	23.40
CONCRETE	584.94	581.96	394.39	512.42	695.74	0	491.6	238.79



## State Funded Projects

- Local Assistance Road Program (LARP)
  - Needs driven resurfacing program
  - Selections made from priority lists submitted by Locals annually
  - Selections based on service, structural condition, and availability of funds
  - 80% Let projects and 20% County/City Contracts
  - Locals responsible for R/W, utility adjustments, patching of roadway, and shoulder building

## State Funded Projects

- LARP is used for RESURFACING ONLY!
  - No widening
  - No patching
  - No paving of unpaved roads
  - No shoulder building



## State Funded Projects

### • FISCAL YEAR 2004 FUNDING STATISTICS

- 439 county/city contracts authorized for construction
- 661 miles of projects
- 97 drainage structures approved for replacement or rehab
- Total State Aid **\$36,918,284**

## History of State Aid Funding

1995 ---	\$62,501,802	2201 Miles
1996 ---	\$55,183,432	1608 Miles
1997 ---	\$66,391,501	2276 Miles
1998 ---	\$93,246,614	2368 Miles
1999 ---	\$87,465,259	2957 Miles
2000 ---	\$94,724,096	1463 Miles
2001 ---	\$45,907,214	775 Miles
2002 ---	\$69,129,044	1505 Miles
2003 ---	\$62,486,790	1238 Miles
2004 ---	\$36,918,284	661 Miles



## LARP

- Funding set by the General Assembly during each annual session
- Funding has ranged between \$23M and \$79M
- Funds allocated to local government by formula which is based on mileage (80%), population (20%), and available funding

## LARP ALLOCATION VS NEED



## LARP FORMULA

### EXAMPLE:

WASHINGTON COUNTY      Population = 10,813  
Paved Miles = 312.22

GEORGIA      Population = 8,562,996  
Paved Miles = 66,377.49

FORMULA AMOUNT = \$38,000,000

$$\% = \left[ \left\{ \left( \frac{10,813}{8,562,996} \right) (.2) \right\} + \left\{ \left( \frac{312.22}{66,377.49} \right) (.8) \right\} \right] \\ = 0.4\%$$

$$\text{FORMULA AMT} = 0.4\% \times \$38,000,000 = \$152,589.54$$

## LARP FORMULA

### EXAMPLE:

HALL COUNTY      Population = 117,030  
Paved Miles = 939.22

GEORGIA      Population = 8,562,996  
Paved Miles = 66,377.49

FORMULA AMOUNT = \$38,000,000

$$\% = \left[ \left\{ \left( \frac{117,030}{8,562,996} \right) (.2) \right\} + \left\{ \left( \frac{939.22}{66,377.49} \right) (.8) \right\} \right] \\ = 1.41\%$$

$$\text{FORMULA AMT} = 1.41\% \times \$38,000,000 = \$534,018.95$$

## History of LARP Allocation

1978	\$52,000,000 (General Fund)	1991	\$40,000,000
1979	\$52,000,000 (General Fund)	1992	\$38,641,836
1980	\$28,000,000 (General Fund)	1993	\$38,641,836
1981	\$55,000,000	1994	\$38,641,836
1982	\$40,200,000	1995	\$38,641,836
1983	\$29,800,000	1996	\$38,641,836
1984	\$23,600,000	1997	\$38,641,836
1985	\$38,000,000	1998	\$43,141,836
1986	\$24,000,000	1999	\$38,641,836
1987	\$30,000,000	2000	\$32,350,248
1988	\$40,000,000	2001	\$26,076,690
1989	\$40,000,000	2002	\$79,076,000 (Bond/MFT)
1990	\$40,000,000 (General Fund)	2003	\$38,000,000
		2004	\$38,000,000

## LARP Fiscal Year 2004 Statistics

- 2,952 miles of justified resurfacing submitted by Locals
- 1,176 miles of roadway approved for resurfacing
- 644 contracts authorized for construction
- Total expenditures \$37,439,791



## **State Funded Totals FY 2004**

<b>State Aid</b>	<b>\$36,918,284</b>
<b>LARP</b>	<b>\$37,439,791</b>
<b>Total</b>	<b>\$74,358,075</b>

## **The Federal Funding Process**

## **Federal Funded Projects**

- **Is influenced by**
  - Eligibility and Highway Functional Classification
  - Federal Programs
  - The Federal Planning Process

## **Federal Funded Projects**

- **Federal Aid Eligibility and Functional Classification**
  - Federal funding can only be spent on roads which are "functionally classified" higher than a local road
  - Functional classification is the grouping of roads into classes according to the service they provide
  - There is a cap on the number of miles of functionally classified routes for each state

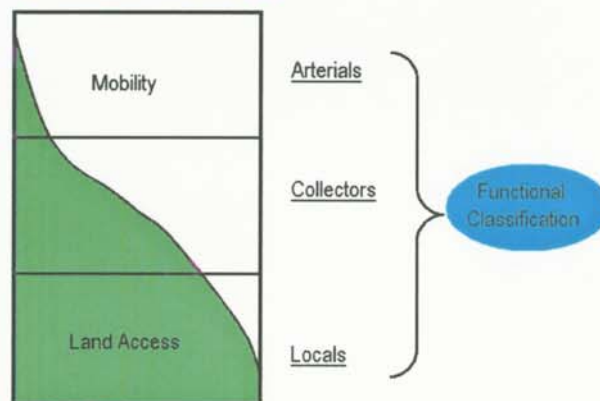
## Federal Funded Projects

### Highway Functional Classification System

Federal Aid Eligible	URBAN	RURAL
	Principal Arterial	Principal Arterial
	Minor Arterial	Minor Arterial
		Major Collector
	Collector	Minor Collector
	Local Street	Local Road

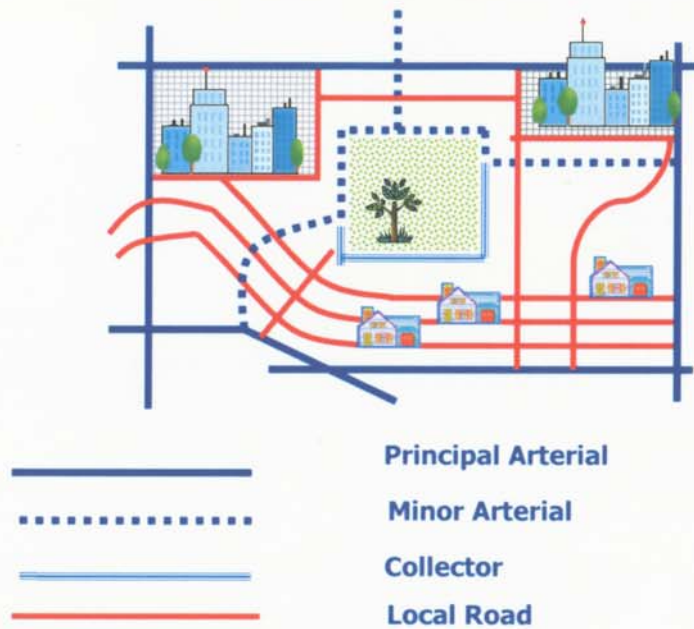
## Federal Funded Projects

### Mobility VS Land Access





## A Street Network



## Federal Funded Projects

### • Multiple Categories of Federal Funds

- Surface Transportation Program (STP) funding eligible for all routes functionally classified higher than a local road
- National Highway System (NHS) funding can only be applied to routes on the National Highway System, which includes all interstates and other major facilities
- Interstate Maintenance (IM) funding can only be applied to routes on the Interstate System

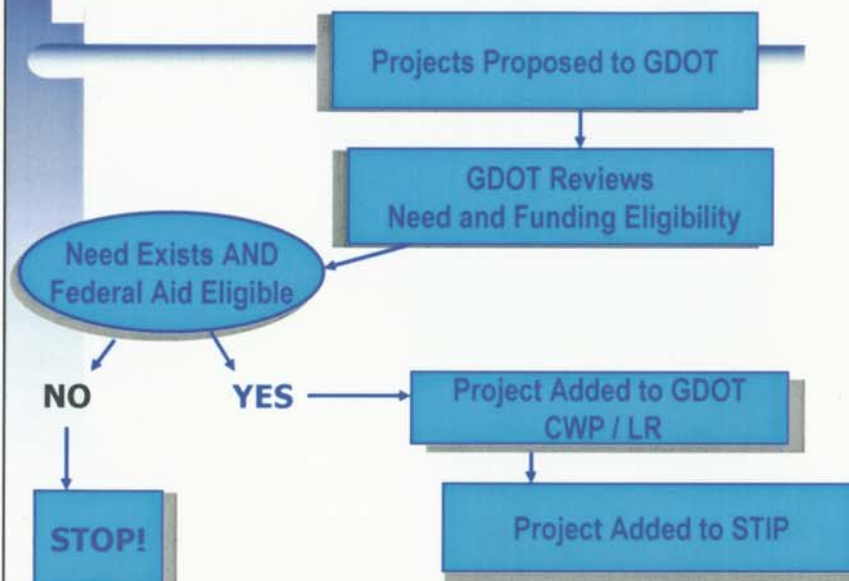
## **Federally Mandated Planning Process**



## **Rural Planning Process**

- Projects proposed by local government, elected officials, and GDOT
- GDOT determines funding eligibility
- GDOT reviews the project and adds the project to the transportation program based on need

## Rural Planning Process

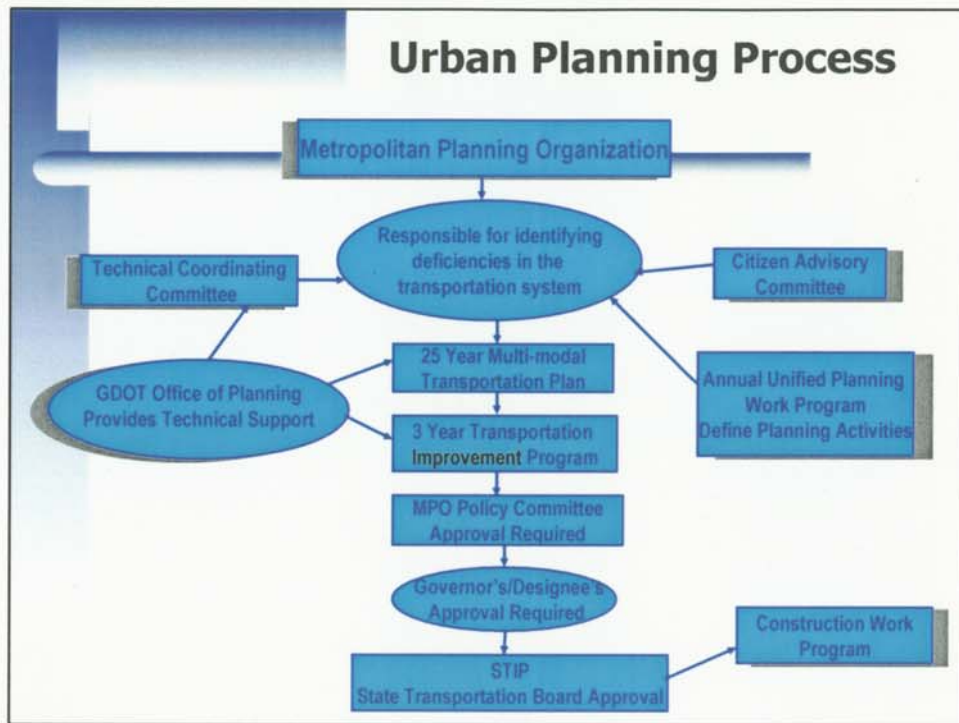


## Urban Planning Process

- Projects proposed by local governments, elected officials, and GDOT
- MPO reviews project need in consultation with GDOT
- MPO develops a Long Range Transportation Program (LRTP) and Transportation Improvement Program (TIP)



## Urban Planning Process



## Urban Planning Process

- **State Transportation Improvement Program (STIP)**
  - GDOT develops a State Transportation Improvement Program annually
  - Document is a combination of rural and urban projects over a 3 year time period
  - Document is a Federal Requirement
  - Document is Fiscally Constrained

## Federal Funding Eligible for Local Use

- **CMAQ** – Congestion Mitigation / Air Quality
  - **Off System Bridges** – located off of the State System
  - **STP** – Surface Transportation Program
    - Safety
    - Enhancement
    - Largely Population based
- Projects are required to be included in the STIP

## Federal Funding Eligible for Local Use

Federal Program	2000	2001	2002	2003	2004
CMAQ	\$ 12.2 MIL	\$ 10.3 MIL	\$ 3.3 MIL	\$ 2.0 MIL	\$ 1.8 MIL
Off system Bridge	\$ 3.5 MIL	\$ 2.7 MIL	\$ 4.4 MIL	\$ 10.0 MIL	\$ 9.0 MIL
STP- Highways	\$ 45.6 MIL	\$ 19.3 MIL	\$ 79.6 MIL	\$ 60.2 MIL	\$ 46.5 MIL
STP - Transportation Enhancements	\$ 17.1 MIL	\$ 33.8 MIL	\$ 18.3 MIL	\$ 34.2 MIL	\$ 6.2 MIL

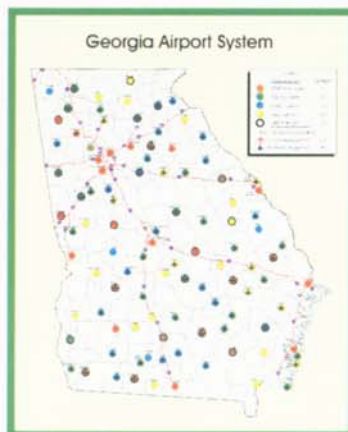
## Other Transportation Needs

- AVIATION
- RAIL
- PORTS AND HARBORS
- TRANSIT

## AIRPORT Needs



### Georgia's Statewide Aviation System Overview



Georgia's 103 publicly-owned airports serve commercial, business and general aviation.

**9 Commercial Service Airports**  
Albany-Atlanta-Athens-Augusta-Brunswick  
Columbus-Macon-Savannah-Valdosta

**94 General Aviation Airports**

**436 Landing Sites**

**8,432 Registered Aircraft**

**19,629 Registered Airmen**



## Historical State Airport Program Funding

- Annual allocations from Georgia's General Fund have remained relatively constant for 30+ years
- Funding requests for airport projects each year are in excess of \$26 million
- Difficult to meet the needs of Georgia's airport sponsors
- An annual Airport Aid Program funding level of \$12.5 million would adequately address the ongoing safety, capital and maintenance needs of Georgia's 102 public-use airports eligible for funding
- Local match for State Airport Aid Program Funds is 25%.

Fiscal Year	Annual Funding Level
FY05	\$3,507,783
FY04	\$3,862,653
FY03	\$3,644,074
FY02	\$3,798,827
FY01	\$3,841,866
FY00	\$3,241,866
FY99	\$2,241,866
FY98	\$2,591,866
FY97	\$2,291,600
FY96	\$2,291,600
FY95	\$2,191,600
FY93	\$1,825,335
FY92	\$1,738,907
FY72	\$1,500,000

## Historical Federal Airport Program Funding

- Annual federal funding for Georgia airports is allocated in four categories:

- State Apportionment
- General Aviation Entitlement
- Air Carrier Entitlement
- Discretionary

Fiscal Year	Federal Funding
FY04	\$80,200,000
FY03	\$132,000,000
FY02	\$85,400,000
FY01	\$72,800,000
FY00	\$51,100,000

- Historically, approximately \$38,000,000 annually in federal funds are eligible for 2.5% state match.
- Local matching funds on federal projects in 2.5%.

## Georgia's Aviation Program Ranks 28<sup>th</sup> Nationally



State	Annual Expenditure per Airport
Florida	\$839,000
Virginia	\$370,000
Tennessee	\$269,000
No. Carolina	\$152,000
Kentucky	\$81,000
Louisiana	\$71,000
Georgia	\$37,000
So. Carolina	\$28,000
Alabama	\$17,000

*Based on annual funding levels in 2001, Georgia's aviation program ranked 28th nationally.*

- States with the strongest aviation programs derive their funding from:
  - Motor Fuel Taxes
  - Aviation Fuel Taxes
  - Aircraft Sales & Use Tax
  - Bonds
  - Aircraft & Airmen Registration Fees
- States like Georgia ranking near the bottom rely solely on General Fund appropriations.

## Airport Aid Program State Funding Needs



### •\$12.5 Million documented Annual Needs

- Airport Pavement Maintenance - \$5 million
- Federal Matching Funds - \$1 million
- Annual Capital Improvement Program - \$6.5 million
- Average of 3.6 million per year provided in State funds over past 5 years

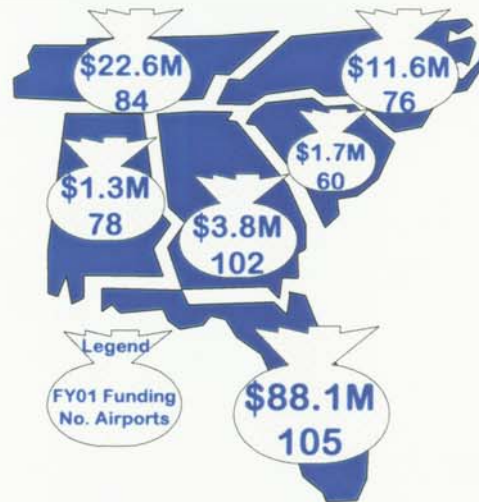


*Projects are identified annually by each city and county in their 5-year Capital Improvement Program.*

## How The Southeast Stacks Up

- Neighboring states are Georgia's fiercest competitors for economic development prospects in the growth industries of automotive, office and distribution.

- "Industrial prospects don't arrive in town on a Greyhound bus, they fly into the airport. If you don't have an adequate airport, they aren't coming." – *former GDOT Commissioner Wayne Shackelford*



## HARBOR BENEFITS and NEEDS







## Active freight railroads in Georgia



## **Active freight railroads in Georgia**

### Mileage

CSXT	1,724
Norfolk Southern	1,756
<u>Short Lines</u>	<u>1,363</u>
<b>TOTAL</b>	<b>4,843</b>

## **Active freight railroads in Georgia**

- Georgia DOT has acquired 497 miles of railroad at a cost of \$25,334,809
- Georgia DOT has rehabilitated 764 miles of railroad at a cost of \$33,642,845 (DOT's Share)
- Rehabilitating rail preserves service to smaller communities with industry at risk.
- Total Railroad Cost of \$58,977,654

## PUBLIC TRANSIT PROGRAM



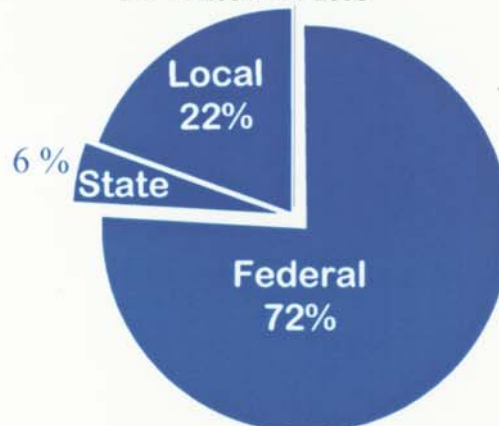
*...to preserve and enhance the state's facilities and equipment for urban and rural public transportation programs...*

Statewide Transportation Plan

## GEORGIA'S TRANSIT PROGRAM AT-A-GLANCE

- 13 Urban Systems
- 96 Rural Systems
- 14 MPOs
- 4 JARC
- 4 Major Transit Projects

STIP FY 2004 – FY 2006





## Georgia's Public Transit Programs

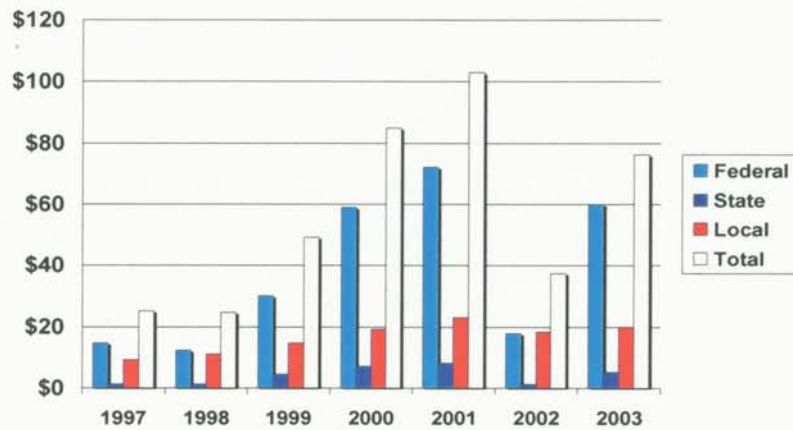
Fiscal Year	State General Funds	Federal Funds
2003	\$4.4 Million	\$50.9 Million
2004	\$4.1 Million	\$47.8 Million
2005	\$4.0 Million	\$44.0 Million

- In FY 2003, 161 projects were put under contract with a total value of \$78,063,143

## Federal Assistance Programs

- Section 5307 - Formula Based Program
- Section 5309 - Discretionary Program
  - Bus and Bus-Related Facilities
  - Funds Capital Projects exclusively
  - Supplements Section 5307 Funding
  - Statewide Earmark Requested for FY 2003
- Section 5311 - Rural Capital/Operating Program
- Section 3037 - JARC

## TRANSIT EXPENDITURES\* (\$ Millions)



\* Source: GDOT Contract Obligations for Capital & Operating (MARTA Included)

## Statewide Capital Needs FY 2005-2010 \*

- Urban - \$213.7 Million
- Rural - \$ 27.5 Million
- JARC - \$29.3 Million

\* 100% Funding & MARTA Excluded

### **MARTA Capital Needs FY 2005 – FY 2010\***

- Section 5307 – \$303.5 Million
- Section 5309 – \$823.4 Million
- JARC - \$12 Million

\*100% Funding

### **BRT Needs FY 2005 – FY 2010\***

- Total = \$890.3 Million
  - Federal - \$460.6
  - State/Bond - \$424.0
  - Local - \$5.7

\*Source: ARC Mobility 2030 RTP Preliminary Draft



## **Total Transit Capital Needs FY 2005 – FY 2010**

- Statewide - \$270.5 Million
  - MARTA - \$1.14 Billion
  - BRT - \$890.3 Million
- 
- Grand Total = \$2.030 Billion
  - Expected FTA Funds\* = \$775.6 Million

\* Based on average TEA-21 Appropriations FY 1998-2003

## **Governor's Charge**

*“That there is created the Governor’s Task Force on Local Transportation Strategies which is charged with the responsibility of reviewing and making recommendations with respect to laws, policies and current funding options available to counties and cities to meet the needs of their individual communities as well as the relationship with the state in maximizing the current transportation resources.”*

- Laws and Policies
- Maximizing Current Resources
- Funding Options
- Georgia's Laws and Funding Options

#### **Laws and Policies – State Funded**

- **Technical Expertise - preconstruction activities; surveys, plan design, etc.**
- **Design Requirements – alignment, typical section**
- **Right of Way Requirements – 60 to 80 ft.**
- **Minimum width for resurfacing – 16 ft**
- **Preparation for resurfacing – patching, crack sealing, drainage, etc.**
- **Lack of Local funding to match the county contract**

### **Laws and Policies – State Funded**

- DOT Formulas for disbursements of funds
- County/City contract prices – Does not take into account small size projects
- Environmental Requirements – Erosion control plans, erosion control items, permits
- Utility Companies - Require a 30' permanent easement which translates to more ROW to be donated by the property owners
- Lack of knowledge & experience of the State Aid and LARP processes
- Contracting with Consultants that are not pre-qualified by the Department

### **Laws and Policies – State Funded**

- **Statewide Uniform Standards**
- Designs must follow the Plan Development Process in regard to:
  - Appropriate road classification
  - Future traffic projections
  - Analysis and Correction of existing safety issues
  - AASHTO Geometric Design Standards
- Close DOT coordination from concept thru construction is required



## **Laws and Policies – State Funded**

- **Environmental Issues**
- If no Federal Funds are used:
  - Must meet the Georgia Environmental Policy Act (GEPA)
  - Less restrictive than NEPA
  - Still requires federal and state permits

## **Laws and Policies – Federal Funded**

- **Environmental Issues**
- If Federal Funds are used:
  - Must meet requirements of the National Environmental Policy Act (NEPA)
  - Can not presume that a project will be approved
  - FHWA environmental approval required before R/W or Construction advances

## **Laws and Policies – Federal Funded**

- **Right of Way Issues**
- **Federal Aid**
  - Right of Way acquisition must not begin until environmental is approved
  - Off System (Local) right of way must be funded by the local government
  - Fair market appraised values must be paid
  - Even donations must be with knowledge that fair market value may be paid

## **Maximizing Current Resources**

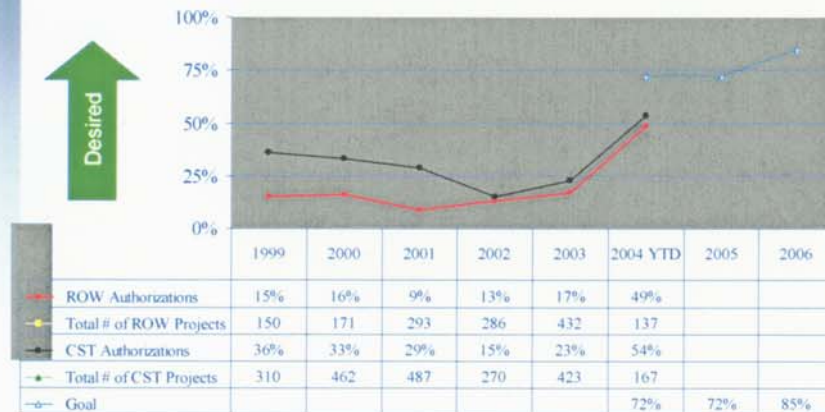
- **Project Delivery Challenges**

## Restrictions, Hindrances and Obstacles



Red

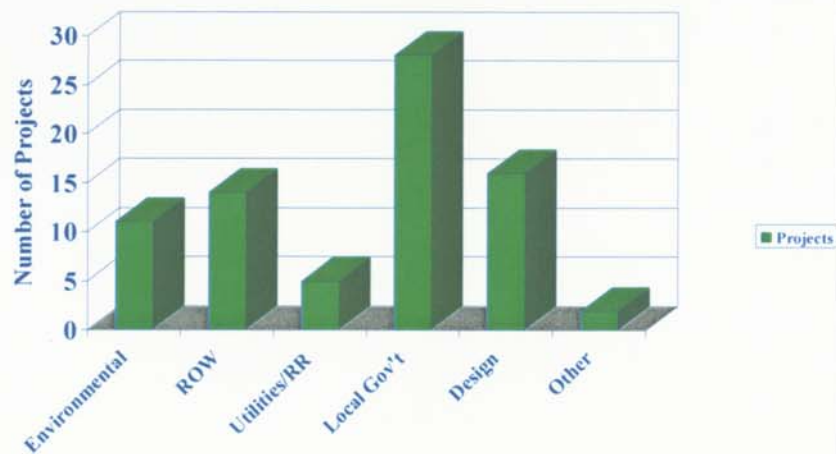
### Project Delivery Challenges



Source: OFM

### 2004 STIP CST Unauthorized Reasons

Total Unauthorized = 76





## **Funding Options**

# **ALTERNATIVE FUNDING OPTIONS**

## **FEDERAL REVENUE SOURCES**

- Surface Transportation Legislation
- Innovative Financing Systems
  - State Infrastructure Banks (SIB) A SIB functions as a revolving fund that, much like a bank, can offer loans and other credit products to public and private sponsors of Title 23 highway construction projects or Title 49 transit capital projects.
  - GARVEE Grant Anticipation Revenue Vehicles provide a method to issue debt backed by future federal funding

## **STATE REVENUE SOURCES**

- GO
- GRB
- STATE MOTOR FUEL
- TOLLS
- GENERAL FUNDS
- FEES- (TRUCK WEIGHT, UTILITY, ...)

## **Local Funding Options Around the Nation**

- Local Governments report that revenues are insufficient to maintain and improve infrastructure to meet growth and changing demographics
- Cities and Counties around the Nation are using various strategies to generate revenue for transportation improvements
- Development Fees/Infrastructure Fees
  - Local authorities have the right to require development fees to assist in paying for infrastructure required as a result of growth. Competition for growth among adjoining local governments often limits the ability to impose fees.

## Local Funding Options Around the Nation

- Local Option Transportation Taxes
  - varies from place to place with the state
  - is controlled at the local or regional level
  - is often earmarked for transportation-related purposes
- A wide range of taxation options is available to local governments around the country
  - Fuel taxes
  - Vehicle taxes
  - Property taxes
  - Sales taxes
  - Income, payroll and employer taxes
  - Severance taxes (taxes on natural resource extraction)

## Local Funding Options Around the Nation

- Washington State
  - Local Option County wide gas tax of 10% of the state gas tax rate (currently 2.3¢)
  - A Vehicle License Fee of up to \$15 per vehicle
  - Commercial Parking Tax on parking lot operators
- A Street Utility fee on residential and commercial property (\$2/household/month) was implemented in 1990 however, in 1995 was declared unconstitutional. The revenue loss to Seattle was \$14 million.



## **Local Funding Options Around the Nation**

- **California**

- Extension of current half-cents sales tax generating an estimated \$40 billion over 20 years
- Equitable split in the gas tax by shifting 2.5¢ directly to cities and counties
- Allow counties to borrow from the State's gas tax cash reserves for earlier project delivery
- Share some of the collected Weight Fees with Cities and Counties

## **Local Funding Options Around the Nation**

- **Minnesota**

- Dedicated motor vehicle sales tax dollars to Surface Transportation Multimodal fund
- Road Development access fee to be collected at the time that subdivision are approved and/or building permits are issued
- Jurisdictional reassignment or turnback of roads on a phased basis using functional classification and other appropriate criteria
- Modification of the County State Aid Highway distribution formula to more fairly account for total vehicles miles traveled on metropolitan County funded roads

## Georgia's Laws and Funding Options

- **Georgia**

- Association County Commissioners of Georgia (ACCG) urges the General Assembly to fund LARP at a level that will meet at least the annual resurfacing needs identified by GDOT
- ACCG proposes a statewide motor fuel tax increase or a transportation infrastructure fee assessed at a minimum of 6% of the retail price /gallon of motor fuel and used to fund LARP, transit and the States matching federal funds.

## Georgia's Laws and Funding Options

- **Special Purpose Local Option Sales Tax ("SPLOST")**<sup>[1]</sup> – 1% tax levied by county after referendum approval but only for specified periods of time not to exceed five (5) years. Authorized in 1985 through Code Section 48-8-110 through 121.
- **Grants to Counties** – Article III, Section IX, Paragraph VI of the Constitution authorizes motor fuel funds to be used as grants to counties for the purpose of road construction and maintenance.
- **Georgia Highway Authority** – Section 32-10-1, et seq. allowed the Authority to acquire roads from local governments or the State. In exchange the Authority would sell bonds to construct or maintain the roadway and would lease the roadway back to GDOT to allow the public to "use" the project. Article VIII, Section IV, Paragraph III.

[1] Section 48-8-6(b) limits the amount of local sales tax that can be imposed by local government to 2%, except that a sales and use tax for education and the MARTA tax do not count towards that counties limit of 2%. So typically most counties have between 6 -7% sales tax.

## Georgia's Laws and Funding Options

- **Local Public/Private Toll Roads and Bridges** – Section 36-60-21 authorizes a local government to contract with private companies to finance, construct, maintain, improve, own or operate a private toll road or bridge.
- **Motor Fuel Tax** – Section 48-9-3 prohibits local government from imposing a motor fuel tax on the sale, distribution or other disposition of motor fuel. It does however allow for the imposition of a license fee or tax upon any business selling motor fuel.
- **Development Impact Fees** – Section 36-71-1 authorizes a local government to impose development impact fees as a condition of development approval to pay for a proportionate share of the cost of system improvements needed to serve new growth and development.
- **Community Improvement Districts ("CID")** – Article IX, Section VII of the Constitution allows the creation of CID's for the purpose of providing governmental services which includes road and bridge construction and maintenance. The creation requires local government approval and written consent by a majority of the real property owners.

## Georgia's Laws and Funding Options

- **Business Improvement Districts ("BID")** – Private sector initiative similar to CID's but BID's do not require legislative approval. They are required to be in a municipality and that a majority of the property owners of a municipality agree to the imposition of additional tax on their property by raising the millage rate.
- **Tax Allocation Districts ("TAD")** – Authorized under the Redevelopment Powers Law and it authorizes the taxation of properties to support the objectives of redevelopment and district operations. Under the current law the taxes may only fund capital improvements in the defined area of the district.
- **Transportation Management Associations ("TMA")** – comprised of groups of individuals, firms or employers who organize a non-profit corporation to address the transportation issues in their immediate locale. CMAQ funds may be used to establish a TMA's provided they perform a specified purpose



## Georgia's Laws and Funding Options

- SPLOST Programs
  - 135 counties have a 7%
  - 22 counties have 6%
  - 2 counties have 5%
- The maximum rate is 7% for any sales and use tax in the State
  - 4% is taken up by the State Sales
  - Generally the remaining 3% goes towards
    - education tax at 1%;
    - a local option tax at 1%
    - capital improvement projects at 1% which includes roads but also could be for building libraries, jails, etc.

## SPECIAL PURPOSE LOCAL OPTION SALES TAX PROGRAM (SPLOST)

DATE PASSED	COUNTY	PURPOSE	TOTAL REVENUE	AMOUNT ALLOCATED TO ROADS & BRIDGES
Sept. 19, 2000	Appling	Cap & Rd	\$12,000,000.00	\$3,200,000.00
March 20, 2001	Bacon	Cap & Rd	\$6,000,000.00	
March 20, 2001	Banks	Cap & Rd	\$15,000,000.00	
March 20, 2001	Barrow	Cap & Rd	\$40,000,000.00	
Nov. 5, 2002	Bartow	Cap & Rd	\$86,000,000.00	
March 7, 2000	Ben Hill	Cap & Rd	\$12,320,000.00	\$4,575,000.00
March 20, 2001	Bleckley	Cap & Rd	\$6,000,000.00	
Nov. 5, 2003	Brantley	Cap & Rd	\$5,000,000.00	
March 2, 2004	Brooks	Cap & Rd	\$5,449,351.00	\$2,386,089.00
March 19, 2002	Bulloch	Cap & Rd	\$49,800,000.00	
Nov. 7, 2000	Burke	Cap & Rd	\$12,622,161.00	\$5,387,582.00
Sept. 18, 2001	Butts	Cap & Rd	\$18,500,000.00	\$6,100,000.00
March 19, 2002	Calhoun	Cap & Rd	\$2,000,000.00	
Aug. 20, 2002	Camden	Cap & Rd	\$30,000,000.00	
November 4, 2003	Carroll	Cap & Rd	\$85,000,000.00	\$5,250,000.00
June 17, 2003	Catoosa	Cap & Rd	\$43,000,000.00	\$3,200,000.00
Aug. 20, 2002	Charlton	Cap & Rd	\$4,100,800.00	
March 18, 2003	Chatham	Cap & Rd	\$276,627,433.00	\$276,627,433.00
Sept. 17, 2002	Chattooga	Cap & Rd	\$12,000,000.00	
March 7, 2000	Cherokee	Cap & Rd	\$125,000,000.00	\$61,256,000.00

## SPECIAL PURPOSE LOCAL OPTION SALES TAX PROGRAM (SPLOST)

DATE PASSED	COUNTY	PURPOSE	TOTAL REVENUE	AMOUNT ALLOCATED TO ROADS & BRIDGES
Sept. 16, 2003	Clayton	Cap & Rd	\$240,000,000.00	\$200,000,000.00
Nov. 7, 2000	Coffee	Cap & Rd	\$34,000,000.00	\$24,968,220.00
Sept. 18, 2001	Colquitt	Cap & Rd	\$24,000,000.00	
July 18, 2000	Columbia	Cap & Rd	\$70,014,000.00	
Sept. 18, 2001	Coweta	Cap & Rd	\$98,000,000.00	\$15,000,000.00
Sept. 16, 2003	Crawford	Cap & Rd	\$4,400,000.00	\$2,000,000.00
June 17, 2003	Dade	Cap & Rd	\$12,275,000.00	\$3,875,000.00
November 4, 2003	Decatur	Cap & Rd	\$34,276,800.00	\$7,474,800.00
June 17, 2003	Dodge	Cap & Rd	\$8,000,000.00	\$3,400,000.00
Sept. 18, 2001	Doolley	Cap & Rd	\$7,000,000.00	
March 19, 2002	Douglas	Cap & Rd	\$102,000,000.00	\$44,275,000.00
June 19, 2001	Effingham	Cap & Rd	\$35,000,000.00	
June 19, 2001	Elbert	Cap & Rd	\$13,200,000.00	\$3,000,000.00
July 18, 2000	Fannin	Cap & Rd	\$20,000,000.00	\$10,000,000.00
June 17, 2003	Floyd	Cap & Rd	\$26,400,000.00	\$1,140,000.00
March 18, 2003	Forsyth	Cap & Rd	\$159,992,000.00	\$107,100,000.00
Sept. 16, 2003	Gilmer	Cap & Rd	\$20,000,000.00	\$6,600,000.00
Nov. 5, 2002	Grady	Cap & Rd	\$12,000,000.00	
Sept. 21, 1999	Greene	Cap & Rd	\$15,000,000.00	\$8,800,000.00
Nov. 5, 2002	Habersham	Cap & Rd	\$34,000,000.00	
March 2, 2004	Hall	Cap & Rd	\$148,000,000.00	\$40,300,000.00
March 18, 2003	Hancock	Cap & Rd	\$3,700,000.00	\$1,000,000.00
Sept. 16, 2003	Haralson	Cap & Rd	\$17,998,180.00	\$2,423,830.00

## SPECIAL PURPOSE LOCAL OPTION SALES TAX PROGRAM (SPLOST)

DATE PASSED	COUNTY	PURPOSE	TOTAL REVENUE	AMOUNT ALLOCATED TO ROADS & BRIDGES
November 4, 2003	Harris	Cap & Rd	\$11,000,000.00	\$5,207,000.00
March 19, 2002	Heard	Cap & Rd	\$20,000,000.00	
Nov. 5, 2002	Henry	Cap & Rd	\$140,000,000.00	
June 19, 2001	Houston	Cap & Rd	\$85,000,000.00	
March 20, 2001	Irwin	Cap & Rd	\$3,500,000.00	
Sept. 19, 2000	Jeff Davis	Cap & Rd	\$8,700,000.00	\$3,375,000.00
March 2, 2004	Jenkins	Cap & Rd	\$2,500,000.00	\$417,821.00
August 20, 2002	Johnson	Cap & Rd	\$2,200,000.00	\$1,600,000.00
March 2, 2004	Jones	Cap & Rd	\$12,500,000.00	\$2,350,000.00
Aug. 20, 2002	Lamar	Rd	\$2,100,000.00	
June 17, 2003	Laurens	Cap & Rd	\$17,945,000.00	\$6,323,000.00
March 19, 2002	Lee	Cap & Rd	\$18,000,000.00	\$5,784,500.00
Sept. 16, 2003	Liberty	Cap & Rd	\$39,000,000.00	\$16,750,000.00
Aug. 20, 2002	Lowndes	Cap & Rd	\$110,000,000.00	\$41,125,000.00
Nov. 5, 2002	Lumpkin	Pay off debts	\$15,750,000.00	
March 18, 2003	Madison	Cap & Rd	\$9,500,000.00	\$8,370,000.00
November 4, 2003	Marion	Cap & Rd	\$4,000,000.00	\$3,000,000.00
Sept. 16, 2003	McDuffie	Cap & Rd	\$19,000,000.00	\$2,500,000.00
Aug. 20, 2002	Meriwether	Cap & Rd	\$9,750,000.00	\$3,420,000.00
Nov. 6, 2001	Miller	Cap & Rd	\$2,500,000.00	\$500,000.00
Sept. 17, 2002	Montgomery	Cap & Rd	\$3,000,000.00	
Aug. 20, 2002	Monroe	Cap & Rd	\$22,350,000.00	\$4,750,000.00
Nov. 8, 2001	Morgan	Cap & Rd	\$18,000,000.00	\$8,200,000.00

## SPECIAL PURPOSE LOCAL OPTION SALES TAX PROGRAM (SPLOST)

DATE PASSED	COUNTY	PURPOSE	TOTAL REVENUE	AMOUNT ALLOCATED TO ROADS & BRIDGES
Sept. 18, 2001	Murray	Cap & Rd	\$18,862,500.00	\$9,000,000.00
March 19, 2002	Oglethorpe	Cap & Rd	\$5,000,000.00	\$3,000,000.00
March 18, 2003	Pickens	Cap & Rd	\$22,000,000.00	\$7,550,000.00
June 17, 2003	Pierce	Cap & Rd	\$10,700,000.00	\$5,190,000.00
March 18, 2003	Polk	Cap & Rd	\$22,000,000.00	\$5,547,058.00
Nov. 6, 2001	Pulham	Cap & Rd	\$10,000,000.00	\$5,460,000.00
Nov. 5, 2002	Quitman	Rd	\$750,000.00	
Aug. 20, 2002	Rabun	Cap & Rd	\$16,000,000.00	\$6,750,000.00
Sept. 18, 2001	Randolph	Rd	\$4,400,000.00	
Nov. 5, 2002	Schley	Cap & Rd	\$1,244,000.00	\$175,000.00
June 19, 2001	Screven	Cap & Rd	\$6,210,000.00	
March 18, 2003	Seminole	Cap & Rd	\$5,000,000.00	\$2,800,000.00
March 18, 2003	Stephens	Cap & Rd	\$15,500,000.00	\$601,508.00
Sept. 16, 2003	Sumter	Cap & Rd	\$22,000,000.00	\$2,441,399.00
Aug. 20, 2002	Talbot	Cap & Rd	\$10,000,000.00	\$3,500,000.00
November 4, 2003	Tattnall	Cap & Rd	\$15,000,000.00	\$7,500,000.00
March 19, 2002	Telfair	Cap & Rd	\$5,500,000.00	\$2,656,772.00
March 20, 2001	Tift	Cap & Rd	\$40,000,000.00	
Sept. 16, 2003	Toombs	Cap & Rd	\$23,000,000.00	\$5,800,000.00
Sept. 18, 2001	Treutlen	Cap & Rd	\$2,120,000.00	
Sept. 16, 2003	Twiggs	Cap	\$5,000,000.00	
September 16, 2003	Union	Cap & Rd	\$17,000,000.00	\$8,500,000.00

## SPECIAL PURPOSE LOCAL OPTION SALES TAX PROGRAM (SPLOST)

DATE PASSED	COUNTY	PURPOSE	TOTAL REVENUE	AMOUNT ALLOCATED TO ROADS & BRIDGES
June 17, 2003	Walker	Cap & Rd	\$27,500,000.00	\$3,515,000.00
Sept. 18, 2001	Walton	Cap & Rd	\$43,700,000.00	
March 18, 2003	Ware	Cap & Rd	\$30,000,000.00	\$12,500,000.00
March 19, 2002	Warren	Cap & Rd	\$3,200,000.00	
March 20, 2001	Wayne	Cap & Rd	\$20,000,000.00	
Sept. 16, 2003	Wheeler	Cap & Rd	\$1,440,000.00	\$60,000.00
Nov. 5, 2002	Wilkinson	Cap & Rd	\$8,000,000.00	
Nov. 7, 2000	Worth	Cap & Rd	\$7,500,000.00	
		<b>TOTAL</b>	<b>\$2,979,367,205.00</b>	

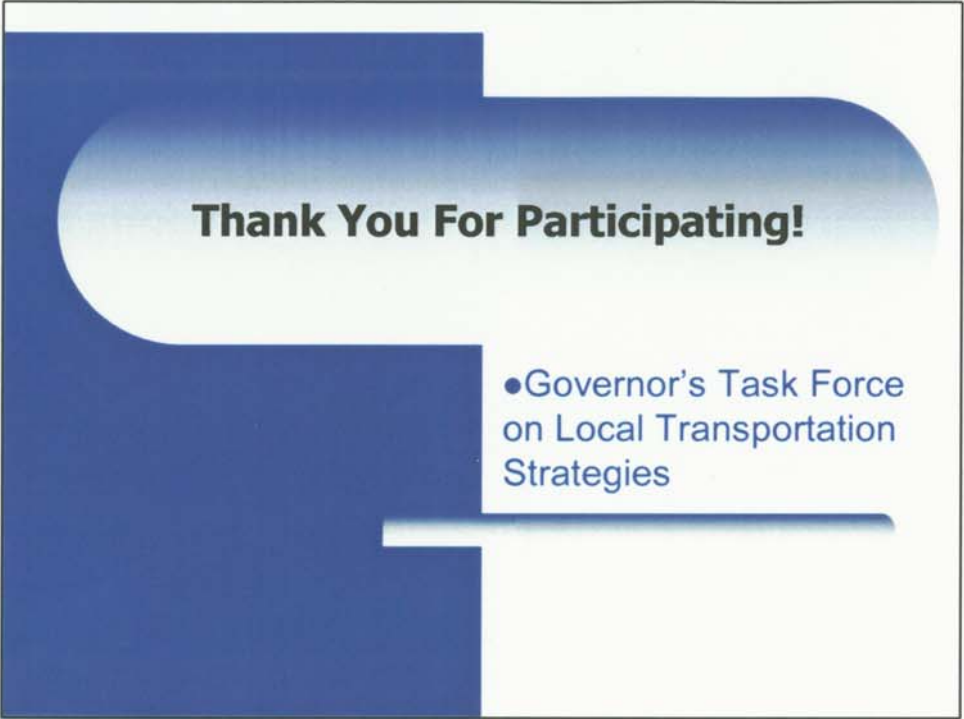


## Discussion/Questions?

•

## Next Meeting

- Time
- Date
- Location



**Thank You For Participating!**

•Governor's Task Force  
on Local Transportation  
Strategies

**Attachment Three**

**September 13, 2004 Meeting Minutes**

**and**

**Presentations**



# Governor's Task Force on Local Transportation Needs



*That there is created the Governor's Task Force on Local Transportation Strategies which is charged with the responsibility of reviewing and making recommendations with respect to laws, policies, and current funding options available to counties and cities to meet the needs of their individual communities as well as the relationship with the state in maximizing the current transportation resources*

**Meeting Date:** September 13, 2004

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**Present:** GDOT Commissioner Harold Linnenkohl, GRTA Director Steve Stancil, State Road and Tollway Executive Director Doug Hooker, DCA Commissioner Mike Beatty, ACCG Executive Director Jerry Griffin, GMA Executive Director Jim Higdon, GEDA Executive Director Cullen Larson, Georgia Association of Regional Development Centers President John Leonard, Georgians for Better Transportation Wayne Shackelford, Georgia Highway Contractors Association Joe Street (in place of Steve Parks), Honorable Boyd Austin, Honorable Jim Burgess, Honorable Katie Dempsey, Honorable Jim Ham, Honorable Karen Handel, Honorable Elmo Richardson, Honorable Jan Tankersly, Representative Paul Smith

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**Summary from last meeting:** Commissioner Linnenkohl summarized the issues raised at the last meeting and the role the Department had in pulling together the information for the task force. Commissioner Linnenkohl also covered the agenda for today's meeting which included a summary of what funding options other states have implemented. The task force members were provided spreadsheets to make notes on with all the funding options.

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**Presentation:** A presentation was given by Matthew Fowler, Assistant Administrator for Office of Planning, on the Potential Local Transportation Funding Sources using the information gathered from other states, options in Georgia, and necessary changes to current State Law. He also discussed the pro's, con's and potential dollars that could be generated from the various strategies identified.

Angie Bowen, GDOT Budget Administrator, presented financial information on Off System funding provisions, history of debt service and the 2005 allocation of motor fuel tax funds.

Georgians for Better Transportation provided a brief presentation given by Wayne Shackelford on solutions/options that could be implemented in Georgia and the steps that would be necessary including changes in the State Law. These ideas included levying a Local Option Motor Fuel Tax, levying a 1% Local Option Sales Tax for non-attainment counties, Indexing statewide Motor Fuel Tax and Local Option Motor Fuel Tax to the Consumer Price Index and Collection of statewide Motor Fuel Tax at the Terminal Rack.

A video was shown to the Task Force that was a joint project between GMA and ACCG outlining existing and future issues facing local governments relative to local road needs.

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**Discussion:** Issues identified by the task force to be addressed are as follows:

**Issue 1: Sales Tax Options**

- Local Option Motor Fuel Tax vs. Sales Tax (contrast which is better option).
  - Local Option Sales Tax would need enabling State Legislation to increase the cap amount which is currently 7%. This would enable the locals to set higher rates. Of the 159 counties, 90 currently have SPLOST.
  - Local Option Sales Tax increase which would require a resolution and a referendum at the local level.
  - Matching funds from State and local levels are almost maxed out and motor fuel tax at the local level may be a way to help with matching funds.
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# Governor's Task Force on Local Transportation Needs



## Issue 2: Motor Fuel Tax Options

- A local Motor Fuel Tax could be initiated by resolution at the local level. Must have State Legislation that would allow the locals to implement a local motor fuel tax. Locals have done all they can do with what they have in place.
- Motor Fuel Tax at the Rack level would be an option to collect taxes and minimizes the number of vendors from which taxes would be collected. The rack level is the first point of entry to the state and there are only about a dozen wholesalers at this level.
- Motor Fuel Tax at the Rack level would need to be considered to help provide more to the locals in counties that don't have the highways and byways that bring in the businesses and gas sales at the pump.
- Without increasing the motor fuel tax, other states have moved their point of taxation to the terminal (rack) from the distributor and increased revenue collections.

## Issue 3: Toll Road Fees

Consider Toll Road Legislation.

- Could Counties partner with each other to have toll road collections?
- What would happen when the road crosses into a county that is not participating?
- Would like more detail and information on how this could work and be implemented in the State.

## Issue 4: State Infrastructure Bank

Need to discuss SIB option further.

- Requires legislation to enact, but allows GDOT to develop SIB within the Department in order to participate in the federal program for funds to be used to finance eligible surface transportation projects.
- Requires local governments to have funding to repay loans.

## Issue 5: Development/Impact Fees

Development/Impact fees are levied by local governments to offset public costs associated with new construction; however, they are currently very restrictive.

- Need to know more about legislation to see if it could be changed to be friendlier/ more flexible. Fulton Co. has impact fees but only North Fulton has used this. It has been difficult because many of the projects are so far into the development phase that revenues are not as robust as they would like. Need to be collected in areas that are beginning to experience the growth to have real results from the impact fees.
- Some counties, rather than using impact fees, use bargaining mechanisms for development, (i.e. ROW concessions, etc.)

## Issue 6: Indexing

Indexing has been proposed as another option to collect funds.

- As recommended in the Georgians for Better Transportation presentation, Indexing the statewide motor fuel tax to the Georgia Consumer Price Index and adjusting it annually would allow the motor fuel tax rate to keep pace with the ever changing economy.
- May need State Legislation allowing Indexing.

## Issue 7: Other Funding Options

In any and all options considered, all modes of transportation need to be included and addressed. This includes transit and airports.

Local Assistance Road Program: Consideration to raise LARP, if so how much? Generally, there are requirements for matching dollars from local governments. This is not going to help locals generate new money for local roads. LARP is distributed based on a formula using population and number of road miles. It is restricted to resurfacing.

## Issues Raised After meeting:

Some comments and ideas were provided after the meeting of the Task Force. These issues are as follows:

Another option that could be considered is a Mileage Tax, which is based upon emissions readings. This would not be statewide, as all counties are not required to have emissions testing, but it could be used in non-attainment areas and considered as a pollution tax, user fee.

HB709: Permits debt retirement with SPLOST revenues; however, Does it let you issue debt on anticipated / projected revenue or only on current debt? Need to research to clarify this issue.

# Governor's Task Force on Local Transportation Needs



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## Topics for Next Meeting

There are several items that need to be researched and prepared for the upcoming Task Force meeting. These include:

1. Based on information presented by the Budget office, would like to see a line graph on the Motor Fuel Transfers slide representing all expenses, debt service, etc since 1991.
  2. Prepare more in depth information on the six issues that have been targeted in today's meeting. These issues need to be discussed further and taken into consideration for the final report to the Governor.
  3. Develop a list of proposed options related to each issue / initiative.
  4. Begin preparing a draft of the final report outlining the task force meetings, issues, and recommendations.
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## Next Meeting Date

**TUESDAY OCTOBER 12<sup>TH</sup> 10:00 AM – 12 NOON**  
**ROOM 401**  
**GEORGIA DEPARTMENT OF TRANSPORTATION**  
**#2 CAPITOL SQUARE**  
**ATLANTA, GEORGIA**

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## Glossary:

*State Infrastructure Bank (SIB): Provides loans to local and state governments; public-private partnerships; private corporations for transportation improvements*

*Local Assistance Road Program (LARP): The Georgia resurfacing program designed to assist local governments in preserving their paved road systems.*

*Grant Anticipation Revenue Vehicle (GARVEE): Any bond or note repayable, either exclusively or primarily, with future Federal-aid Highway Funds*

*Intermodal Surface Transportation Efficiency Act (ISTEA): Surface transportation legislation created by Congress in 1991 to guide and fund the nation's transportation system through fiscal year 1997*

*National Highway System (NHS): A network of interstates and other major routes that can link different modes of transportation together*

*Statewide Transportation Improvement Plan (STIP): A list of federally-funded, priority transportation projects proposed to be carried out in the first three years of adoption*

*Statewide Transportation Plan (SWTP): An outline for meeting Transportation 2000 objectives over a 20-year period*

*The Transportation Equity Act for the 21st Century (TEA-21): Is an ISTEA reauthorization bill:*  
(<http://www.fhwa.dot.gov/tea21/summary.htm>)

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# Potential Local Transportation Funding Sources

Governor's Task Force on  
Local Transportation  
Strategies

September 13, 2004

## Local Funding Overview

- In addition to federal and state assistance, 16 different funding strategies for local transportation needs (including: roads, bridges, transit, bicycle, and pedestrians) were identified from surveying the activities of the other 49 states
- 12 of the 16 funding strategies involve generating revenue through taxes/fees

## **Local Public and/or Private Toll Roads:**

- Public/Private Toll Roads allowed in 4 states
- Local Operated Toll Roads allowed in 20 states
- Local governments may contract with private companies to finance, construct, maintain, own and operate private toll roads and bridges or local governments may develop toll roads independently
- Pros:
  - Allows needed improvements to proceed in the absence of funding
- Cons:
  - Potential negative perception of tolls
  - Future debt if bond funded
- Legal issues in Georgia-none, permitted under current state law

## **Local Bonds**

- Available in 44 states
- Local government issues bonds for transportation improvements
- Typically backed by property taxes or SPLOST
- Example-Mississippi often uses this funding strategy. Local governments may enter into bonding through referendum or directly through local ordinance
- Pros:
  - Accelerates funding/construction
- Cons:
  - Obligates future funding
  - Requires revenue stream
- Legal issues in Georgia-none (HB 709 permits debt retirement with SPLOST revenues)
- Potential Revenue-varies

## **State Infrastructure Bank (SIB):**

- Available in 30 states
- Revolving infrastructure investment funds for transportation improvements
- Typically Federal/State funding is used to capitalize the bank but not a requirement
- SIB provides loans to local and state governments; public-private partnerships; private corporations for transportation improvements
- Began with passage of the 1995 National Highway System Designation Act
- Example-Ohio SIB provided \$35 million in loans to the Butler County Transportation Improvement District (BCTID) to finance preconstruction activities. BCTID repaid the SIB with bond proceeds.

## **SIB (continued):**

- Pros:
  - Allows transportation providers to access funding for needed improvements
- Cons:
  - Requires seed money to initiate
  - Requires a revenue stream from local government to repay loan
- Legal issues in Georgia-would require legislative action
- Potential revenue-based on amount of seed money in SIB and loan repayments to SIB



## Parking Tax

- Available in 4 states
- Tax assessed on parking facilities
- Typically based on the number of parking spaces available or parking revenues generated
- Example-New Jersey permits a 15% tax on parking; with revenues going to local government's general fund (except in Atlantic City revenues go to state fund)
- Pros:
  - Charges motorists (road users) and may encourage transit use
- Cons:
  - Potential public resistance to additional tax
- Legal issues in Georgia-would require legislative action to implement
- Potential revenue-Atlantic City, NJ (population 40,000) generates approximately \$15 million annually (goes to state fund)

## Business Tax:

- Available in 7 states
- Local governments levy a tax on companies (includes business licenses)
- Tax based on: profits; payroll levels; type of business activity; number of employees; square footage
- Revenue often goes to the general fund; with some money being spent on transportation
- Employers encouraging trip reduction strategies (HOV, transit, teleworking) may receive tax breaks
- Examples:
  - Kentucky permits local governments in Southern Cincinnati and Louisville to assess payroll taxes and fund transportation improvements.
  - New Jersey permits payroll taxes; however, no local governments have implemented the tax

## **Business Tax (continued):**

- Pros:
  - Potential source of revenue
- Cons:
  - Potential public resistance to additional tax
  - Revenues may not go to transportation purposes
  - Fear of business relocations
- Legal issues in Georgia-some forms presently permitted; payroll/profit taxes would require legislative action
- Potential revenue-approximately \$33 million annually in Kentucky (Louisville, population 700,000 and Southern Cincinnati, population 325,000 )

## **Hotel-Motel Tax:**

- Available in 5 states
- Excise tax on rooms/lodging
- Revenues typically go into general fund
- Example-1% tax on lodging permitted in Nevada for transportation improvements (used in Clark and Douglas Counties and the City of Reno)
- Pros:
  - Shifts tax to non-residents

## **Hotel-Motel Tax (continued):**

- Cons:
  - May divert funds from promoting tourism
  - Potential loss of tourism/convention business
  - Potential public resistance to additional tax
- Legal issues in Georgia-requires legislative action for locals to spend funds on transportation needs
- Potential revenue-varies; Clark County, Nevada/Las Vegas (population 1.2 million) generates approximately \$20 million annually

## **Hospitality Fee:**

- Available in 1 state
- Tax specifically on meals and beverages
- Example-SC permits a 2% tax on meals and beverages; with revenues going to tourism related capital improvements (including transportation)
- Pros:
  - Tax disproportionately paid by non-residents
  - Investments made from tax revenues may encourage tourism
- Cons:
  - Perception of discouraging some tourism/convention business
  - Potential public resistance to additional tax
- Legal issues in Georgia-requires legislative action
- Potential revenue-\$2.76 million generated annually in Horry County, SC/Myrtle Beach (population 200,000) specifically for transportation



## **Bicycle Sales Tax:**

- Available in 1 state
- Tax on the sale of bicycles
- Example-City of Colorado Springs (population 385,000) assesses \$4 on each bicycle sold
- Revenue used to construct bicycle paths and other facilities
- Pros:
  - Dedicated funding for bicycle improvements
- Cons:
  - Potential public resistance to additional tax
- Legal issues in Georgia-would require legislative action
- Potential revenue-\$60,000 collected in Colorado Springs annually

## **Rental Car Tax:**

- Available in 6 states
- Local governments assess a tax on car rentals
- Revenues typically go to the local government's general fund, which could fund transportation improvements
- Pros:
  - Potential source of revenue. Costs are borne primarily by visitors
- Cons:
  - Using rental car tax for transportation may divert funding from an existing program
  - Potential public resistance to additional tax
- Legal issues in Georgia-may require legislative action for transportation uses
- Potential revenue-Marion County, Indiana/Indianapolis (population 860,000) generates approximately \$1.3 million annually for transportation

## **Road Utility Fees:**

- Available in 0 states
- Property owners pay the local government a fee based on the number of linear feet of road frontage they own.
- Similar to utility (streetlight) fees
- Improvements made to the road directly benefit the property owners (increased property values)

## **Road Utility Fees (continued):**

- Pros:
  - Potential source of revenue
  - Tax burden placed solely on those benefiting from the improvement
- Cons:
  - Potential public resistance to additional tax
  - Typically not well received and subject to legal challenges
- Legal issues in Georgia-requires legislative action
- Potential revenue-\$14 million generated annually for Seattle (population 570,000) Note: the fee was ruled unconstitutional by the State in 1995

### **Vehicle Registration/Ad-Valorem/Privilege Tax:**

- Available in 32 states
- Local government assesses a tax on vehicle owners (typically a flat fee and/or a tax based on the vehicle's value)
- Revenues typically go towards transportation uses
- Pros:
  - Directly taxes transportation users
  - Low collection/administration costs
  - Tax revenues increase as vehicle costs increase

### **Vehicle Registration/Ad-Valorem/Privilege Tax (continued):**

- Cons:
  - Using these funds would divert funds from other programs
  - Non-residents using the transportation network do not pay the tax
  - Potential public resistance to additional tax
- Legal issues in Georgia-Vehicle Registration presently permitted (revenue to state); Ad-Valorem presently permitted (revenue to local government)
- Potential revenues-according to ARC, if the 18 county Metro Atlanta region (population 4 million) assessed a personal property tax on vehicles; each mill would generate approximately \$11.8 million annually



## **Development/Impact Fees:**

- Available in 8 states
- Fee levied by local government to offset public costs associated with new construction
- Fee varies based on type of construction (residential or commercial); and size of the structure/development
- Revenues go towards capital improvements (transportation, sewer, water, schools, parking, etc) to mitigate the development's impact on the existing community
- 28 jurisdictions (out of approximately 560 cities and counties) in Georgia impose impact fees, only 7 of those jurisdictions levy fees specifically for transportation

## **Development/Impact Fees (continued):**

- Pros:
  - Shifts public improvement costs associated with a new development onto the developer/purchaser.
- Cons:
  - Perception that fees will deter growth
  - Fear that new businesses will locate in a nearby jurisdiction without a fee
- Legislative issue in Georgia-none

### **Development/Impact Fees (continued):**

- Potential revenue-varies based on municipality
- Approximately \$1,500-\$2,000 per single family home
- Approximately 0.15-0.50 cents per square foot for commercial buildings
- Alpharetta, GA (population 35,000) collects approximately \$1 million annually
- Henry County, GA (population 130,000) collects approximately \$4.4 million annually

### **Property Taxes:**

- Available in 46 states
- Local government assesses tax based on property value
- Revenue typically goes into the general fund
- Some local governments automatically allocate a certain percent of property tax revenues for transportation
- Pros:
  - Property tax revenues are reliable
  - Large tax base and potential for significant funding

## **Property Taxes (continued):**

- Cons:
  - Equity issues; non-residents use the transportation system but do not pay property taxes
  - Diverts funding from other programs
  - Potential public resistance to additional tax
- Legal issues in Georgia-none
- Potential revenue-according to ARC, each 1 mill increase would generate approximately \$144 million annually for the 18 county Metro Atlanta region (population approximately 4 million)

## **Sales and Use Tax:**

- Available in 36 states
- Tax on items sold
- Used in most states and local governments
- Sunset provisions (typically 5 years, up to 25 years)
- Revenues earmarked for capital (often transportation) improvements and listed individually on the referendum
- Pros:
  - Good source of revenue
  - Public acceptance/familiarity
- Cons:
  - Tax does not distinguish between frequent and infrequent transportation users
  - Potential public resistance to additional tax



## **Sales and Use Tax (continued):**

- Legal issues in Georgia-permitted with maximum 7%
  - 4% State sales tax (mandatory)
  - 1% local option sales tax for education
  - 1% local option to offset property tax
  - 1% SPLOST for capital projects
  - 1% HOST (80% proceeds for homestead tax relief remaining 20% for capital projects)
  - 1% MARTA (*DeKalb, Fulton, City of Atlanta*)
  - City of Atlanta allowed up to 8% to fund water/sewer upgrades*
- Potential revenue-according to ARC, a 1% sales tax increase would generate approximately \$872 million annually for the 18 county Metro Atlanta region (population approximately 4 million)

## **Local Option Gas Tax:**

- Available in 16 states
- Tax on gasoline (either per gallon or on the dollar) assessed at the local level
- Most local governments spend LOGT revenues on transportation improvements
- Example-Florida local governments may assess up to 12 cents per gallon on gasoline purchases (approximately 6 cents of LOGT goes to state)
- Pros:
  - Locals have direct funding stream
  - Tax burden placed on transportation users
  - Potential for a large tax base

## **Local Option Gas Tax (continued):**

- Cons:
  - Potential public resistance to additional tax
- Legal issues in Georgia-would require legislative action
- Potential revenues:
  - Florida (population 17 million) generates approximately \$590 million annually with the LOGT
  - Increasing the gas tax 1 cent per gallon would generate approximately \$8.75 per person annually (assuming all gasoline in Georgia is bought by Georgia residents, and that all residents purchase the same amount of gasoline)
  - According to ARC, a 1 cent per gallon increase in the gas tax would generate approximately \$30 million annually for the 18 county Metro Atlanta region (population approximately 4 million)

## **Special Tax Districts:**

- Available in 32 states
- Local governments assesses a special tax for a specified area/region
- Taxes could include: SPLOST; Local Option Gas Tax; Parking Tax; Property Tax
- Funds typically go to specific capital improvements such as transportation
- Pros:
  - Increased revenue for improvements
  - Residents/businesses often support

## **Special Tax Districts (continued):**

- Cons:
  - Potential public resistance to additional tax
- Legal issues in Georgia-CIDs permitted; "regional" tax would require legislative action
- Potential revenue:
  - According to ARC, a 1 cent per gallon increase in the gas tax would generate approximately \$30 million annually for the 18 county Metro Atlanta region
  - A 1% sales tax increase would generate approximately \$872 million annually for the 18 county Metro Atlanta region (population approximately 4 million)

# Questions?



# Off System Funding Provisions

Governor's Task Force on  
Local Transportation  
Strategies

September 13, 2004

## **Title 32, Chapter 5, Section 21 (32-5-21)**

- Statutorily the Department of Transportation is required to expend the State Public Transportation fund in the following order:
  - 1) To pay the rentals on lease contracts
  - 2) To pay into the State of Georgia Guaranteed Revenue Debt Common Reserve Fund the annual debt service
  - 3) To pay the cost of operating the Department and for any emergencies

### **Title 32, Chapter 5, Section 21 (32-5-21)**

- 4) To pay the cost necessary to comply with the conditions of federal-aid apportionments to the State
- 5) A sum equal to at least 15% of the State Public Transportation Fund to be used as follows:
  - a) One-third to public roads not on the State Highway System
  - b) One-third to public roads on the State Highway System
  - c) The remaining one-third to public roads of Georgia determined by the Department to be most in need of work

### **Title 32, Chapter 5, Section 21 (32-5-21)**

- 6) After the requirements set out in the foregoing have been met, the remainder of the State Public Transportation Fund will be expended to pay the cost of maintaining, improving, constructing and reconstructing roads

# History of Debt Service

Governor's Task Force on  
Local Transportation  
Strategies

September 13, 2004

## DEPARTMENT OF TRANSPORTATION MOTOR FUEL TRANSFERS

Fiscal Year	GO Bonds Debt Service Transfers	Guaranteed Revenue Reserve Bond Transfers	Guaranteed* Revenue Debt Service Payments	Annual Total
1991	2,555,000	9,600,000		12,155,000
1992	84,260,000			84,260,000
1993	68,310,000			68,310,000
1994	54,700,000			54,700,000
1995	61,000,000			61,000,000
1996	70,000,000			70,000,000
1997	35,000,000			35,000,000
1998	35,000,000			35,000,000
1999	35,000,000			35,000,000
2000	35,000,000			35,000,000
2001	50,000,000			50,000,000
2002	26,000,000	30,632,850		56,632,850
2003	51,000,000		39,205,106	90,205,106
2004	66,000,000	24,407,019	49,322,488	139,729,507
**2005 Estimated	108,000,000	25,893,450	75,667,665	209,561,115
Total Transferred	781,825,000	90,533,319	164,195,259	\$1,036,553,578
* This includes the BAN Takeout				
** This includes the 2005 Supplemental Request				

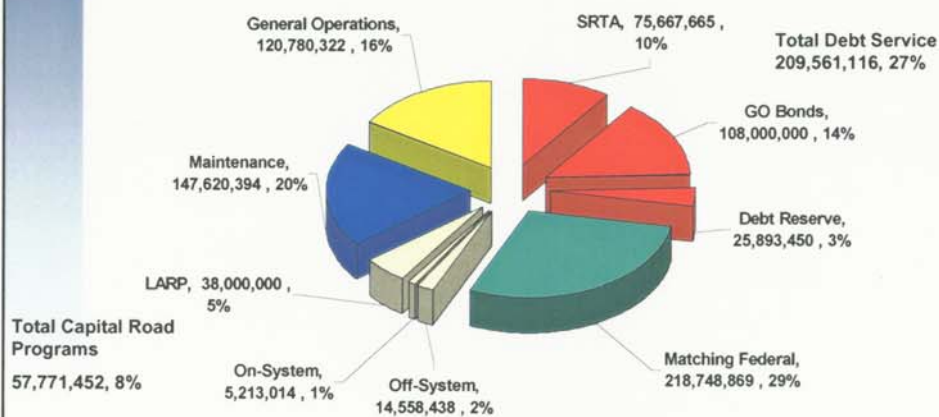


## 2005 Allocation of Motor Fuel Tax Funds

Governor's Task Force on  
Local Transportation  
Strategies

September 13, 2004

## FY 2005 Supplemental Budget Request



State Motor Fuel Tax Allocation \$754,482,153

A decorative graphic element consisting of a blue L-shaped bar at the top left, a horizontal blue line, and a vertical blue bar on the left side of the slide.

# Questions?



## Georgians for Better Transportation

Presentation to the

### *Governor's Task Force on Local Transportation Strategies*

September 13, 2004

## PROBLEMS



## PROBLEMS

The State of Georgia currently receives motor fuel tax from two sources:

1. 7.5 cents tax per gallon of fuel sold
2. 4.0% sales tax per 1 dollar of fuel sold

GDOT receives the entire 7.5 ¢ fuel tax but only 3% of the 4% of sales tax on fuel.

The other 1% is dedicated to the state's general fund.

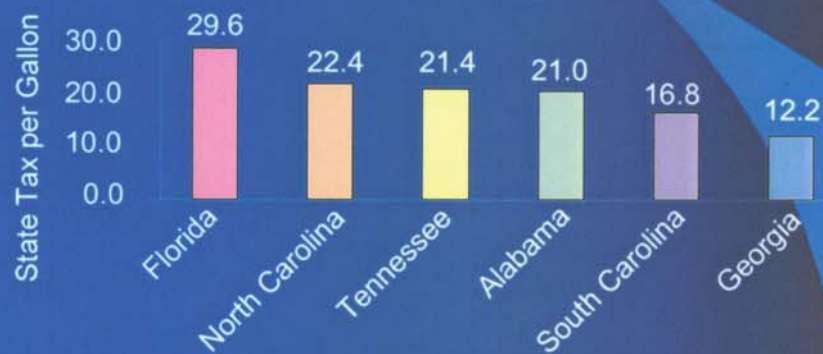
## PROBLEMS

Current state revenue with the fuel tax rate set at 7.5 ¢ and the sales tax set at 3% equals:

\$ 717,793,985

## PROBLEMS

Southeastern States:  
(Cents per gallon Equivalents)

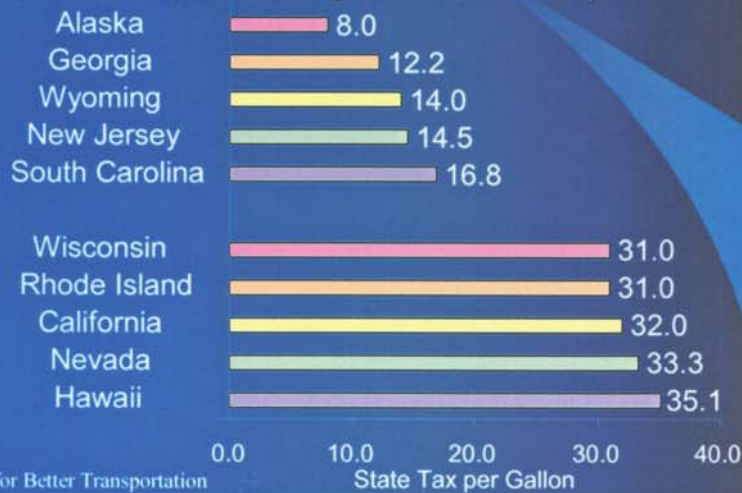


Georgians for Better Transportation

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## PROBLEMS

Lowest and Highest States:  
(Cents per gallon Equivalents)

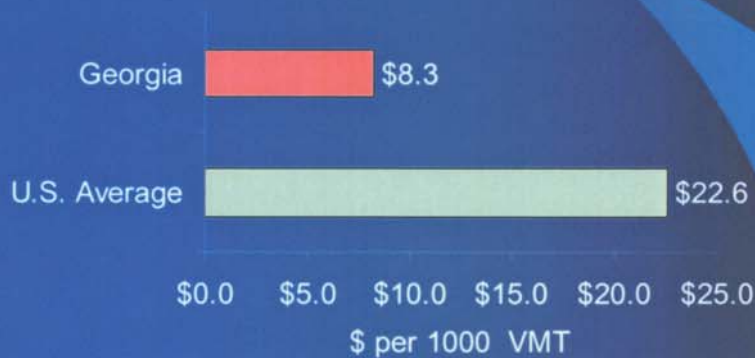


Georgians for Better Transportation

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## PROBLEMS

Georgia is funding its transportation needs at 63% less than the national average in terms of vehicle miles traveled (VMT) in 2001.



## PROBLEMS

Over the last decade in Georgia the following trends have occurred:

- Construction Cost Index increased 28%.
- Consumer Price Index increased 26%.
- Fuel efficiency increased 12%.



## PROBLEMS

The consequences of this structural defect of relying on "cents per gallon" has resulted in Georgia's transportation investment plummeting 74 % over the last 20 years.



Georgians for Better Transportation

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## PROBLEMS

The problem facing transportation in Georgia can be graphed and charted, compared and contrasted, but it comes down to a single fundamental:

Our State's transportation funding mechanism is not designed to keep pace with the rising costs and needs of our complex transportation system.

Georgians for Better Transportation

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# SOLUTIONS

## Solution No. 1

*Enable all 159 Georgia Counties  
to Levy a Local Option Motor  
Fuel Tax for the Special Purpose  
of Enhancing Transportation.*

### Solution No. 1

## Local Option Motor Fuel Tax

In 1991 the state of Florida passed legislation enabling each of its counties to levy a local option motor fuel tax if approved by a majority vote of the county commissioners.

Currently all 67 counties take advantage of that local option tax as a source of transportation funding.

### Solution No. 1

## Local Option Motor Fuel Tax

Florida Counties Levy the Following Amounts:

Amount of Gas Tax	Number of Counties	Amount of Gas Tax	Number of Counties
5¢	2	9¢	1
6¢	25	10¢	2
7¢	25	11¢	1
8¢	1	12¢	10

Note: The weighted average is 7.5¢ per Gal.



### Solution No. 1

## Local Option Motor Fuel Tax

Sampling of Georgia counties:

Population	Typical County	1 Cent Per Year	7.5 Cents Per Year
25,000	Haralson, Toombs	\$174,832	\$1,311,236
100,000	Clarke, Forsyth	\$699,326	\$5,244,945
200,000	Richmond, Muscogee	\$1,398,652	\$10,498,891
650,000	Cobb, Gwinnett	\$4,545,619	\$34,092,145

### Solution No. 2

*Enable all Georgia Counties, that have a Non-Attainment Status, to Levy a 1% Local Option Sales Tax for the Special Purpose of Enhancing Transportation.*

### Solution No. 2

## Local Option Sales Tax

There are currently 33 counties & one partial county\* in Georgia that the EPA has classified as being in the "air quality non-attainment" area under the Federal Clean Air Act.

Those 33 counties are: Barrow, Bartow, Bibb, Carroll, Catoosa, Cherokee, Clarke, Clayton, Cobb, Coweta, Dade, DeKalb, Douglas, Fayette, Floyd, Forsyth, Fulton, Gwinnett, Hall, Harris, Heard, Henry, Jasper, Madison, Monroe\*, Muscogee, Newton, Oconee, Paulding, Putnam, Rockdale, Spalding, Walker and Walton.

### Solution No. 2

## Local Option Sales Tax

In 1991 the state of Florida passed legislation enabling each of its counties to levy either a ½ percent or a 1 percent local option sales infrastructure tax if approved by a majority vote of the county commissioners and a countywide referendum.

Currently 29 of 67 counties take advantage of that local option sales tax as a source of transportation funding.

### Solution No. 2

## Local Option Sales Tax

Florida Counties Levy the following amounts:

Percent Sales Tax	Number of Counties
$\frac{1}{2}\%$	4
1%	25

### Solution No. 2

## Local Option Sales Tax

There are statutory limits imposed on Georgia counties with regard to the amount of sales taxes that can be levied within a county.

Those limits are set at a maximum of 7% (4% state and 3% local).



### Solution No. 2

## Local Option Sales Tax

Revenues Generated By A 1% Cent Sales Tax:  
(2002, \$ millions)

County	Revenues	County	Revenues
CHEROKEE	\$21.6	FORSYTH	\$20.1
CLAYTON	\$47.4	FULTON	\$200.0
COBB	\$117.5	GWINNETT	\$120.1
COWETA	\$13.8	HENRY	\$17.7
DEKALB	\$94.6	PAULDING	\$8.6
DOUGLAS	\$17.5	ROCKDALE	\$14.8
FAYETTE	\$16.2	<b>Total</b>	<b>\$710.0</b>

### Solution No. 3

*Index the Statewide Motor Fuel Tax  
and any Local Option Motor Fuel Tax  
to the Consumer Price Index.*

### Solution No. 3

## Consumer Price Index

As discussed earlier, there is a structural defect with the way in which Georgia collects revenue for transportation funding. The base funding source of 7.5 ¢ per gallon obviously needs to be enhanced or increased, but also there should be a mechanism for the source to keep pace with the cost of living.

Indexing is a critical component of any viable long term funding solution and merits a great deal of consideration.

### Solution No. 3

## Consumer Price Index

### CPI Percent Change, Atlanta Area



Annual average, last 10 years = 2.55 %

### Solution No. 3

## Consumer Price Index

Therefore, we propose to index the statewide motor fuel tax to the Georgia Consumer Price Index as published by the U.S. Department of Labor and adjusted on an annual basis.

This proposal allows the motor fuel tax rate to keep pace with the ever changing economy without creating new legislation.

### Solution No. 4

*Impose the collection of  
Statewide Motor Fuel Tax at the  
Terminal Rack.*



#### Solution No. 4

### Terminal Rack Collection Point

Generally there are three different ways for a state to collect a statewide motor fuel tax.

1. Retail Level (*Highest Number of Vendors*)
2. Distribution Level
3. Rack Level (*Lowest Number of Vendors*)

Until recently, Georgia collected its fuel tax at the retail level. A statute change in 2003 enabled the state to begin collecting the fuel tax at the distribution level.

#### Solution No. 4

### Terminal Rack Collection Point

We propose to make the rack the official point of fuel collection in Georgia.

Expected increase in collections would yield a boost in motor fuel tax proceeds, resulting in an additional \$40 million annually.

## Solution No. 5

*Authorize the creation of a  
State Infrastructure Bank.*

## Solution No. 5

### State Infrastructure Bank

We propose authorization of a State Infrastructure Bank which would allow for deposits and withdrawals from the following two revenues sources:

1. Proceeds from the any county local option motor fuel tax.
2. Proceeds from the county 1 percent local option sales tax, or the 8<sup>th</sup> cent.

### Solution No. 5

## State Infrastructure Bank

A SIB can either directly loan its capital or leverage that capital in the form of bonds or grant anticipation notes.

For instance, South Carolina utilizes a leveraged SIB that has issued bonds in excess of \$1.5 billion, allowing the construction of 27 years of projects in only 7 years.

### Solution No. 6

*Revise the Congressional  
Balancing Formula.*



### Solution No. 6

## Congressional Balancing Formula

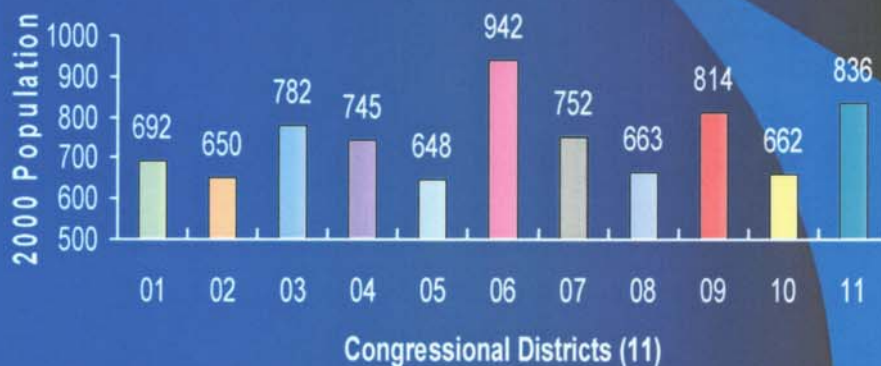
The state is currently using the 1990 Census and 11 congressional districts, instead of the 2000 Census the 13 congressional districts.

As a result, the fastest-growing congressional districts are increasingly deprived of equitable funding with each passing year by a so-called "balancing" formula.

### Solution No. 6

## Congressional Balancing Formula

2000 population within the  
1990 Congressional Districts:



### Solution No. 6

## Congressional Balancing Formula

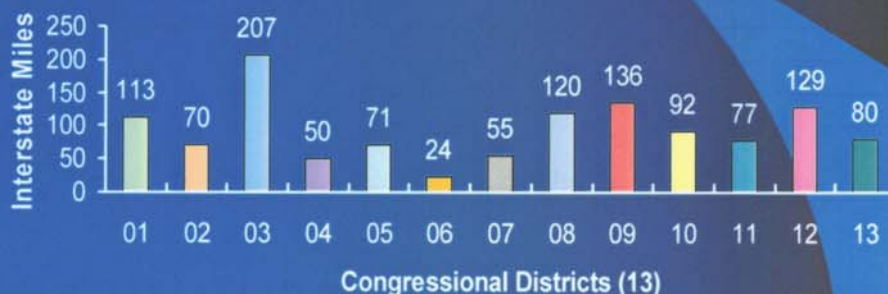
The balancing formula also fails to take into account transportation realities. For instance, there is a wide disparity in interstate mileage across the districts even if the districts are updated from 11 to 13.

This places a large burden on those districts with more interstate miles, primarily because interstates are significantly more costly to improve and maintain.

### Solution No. 6

## Congressional Balancing Formula

Current Interstate miles within the  
2000 Congressional Districts:



### Solution No. 6

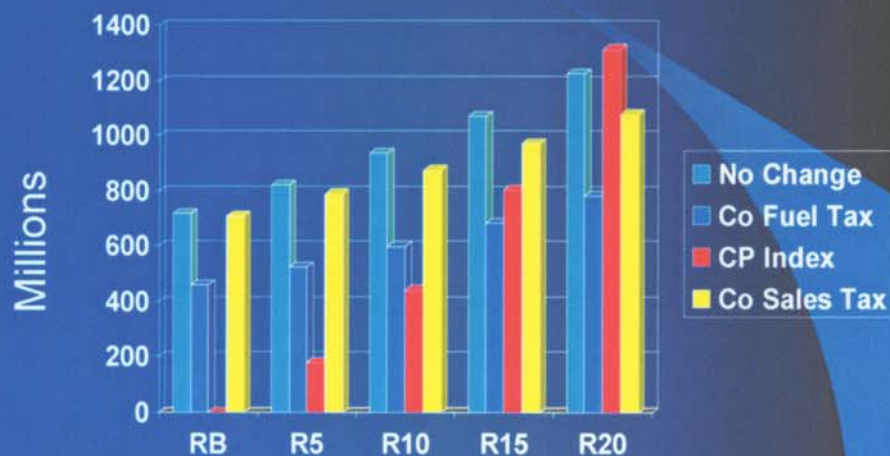
## Congressional Balancing Formula

In the spirit of statewide equity, we propose maintaining an 85 percent balancing formula but revising the number of districts from 11 to 13, and to exempt the following:

1. All Interstate System projects,
2. All CMAQ funds,
3. All GRIP projects (already exempt),
4. All GRTA projects (already exempt),
5. All MARTA projects (already exempt),
6. All maintenance costs (already exempt).

## SUMMARY

### Proposed Revenue, All Counties (millions):





## SUMMARY

### Proposed Revenues, All Counties (millions):

	RB	R5	R10	R15	R20
No Change	718	820	937	1,070	1,223
Co Fuel Tax	459	524	599	684	781
CP Index	0	180	440	805	1,312
Co Sales Tax	710	788	874	970	1,076
TOTAL	1,887	2,312	2,850	3,529	4,392

**Attachment Four**

**October 12, 2004 Meeting Minutes**

**and**

**Presentations**

# Governor's Task Force on Local Transportation Strategies



*That there is created the Governor's Task Force on Local Transportation Strategies which is charged with the responsibility of reviewing and making recommendations with respect to laws, policies, and current funding options available to counties and cities to meet the needs of their individual communities as well as the relationship with the state in maximizing the current transportation resources*

**Meeting Date:** October 12, 2004

**Present:** GDOT Commissioner Harold Linnenkohl, GRTA Director Steve Stancil, State Road and Tollway Executive Director Doug Hooker, DCA Commissioner Mike Beatty, ACCG Executive Director Jerry Griffin, , GEDA Executive Director Cullen Larson, Georgia Association of Regional Development Centers President John Leonard, Georgians for Better Transportation Wayne Shackelford, Georgia Highway Contractors Association Steve Parks, Honorable Boyd Austin, Honorable Jim Burgess, Honorable Katie Dempsey, Honorable Jim Ham, Honorable Karen Handel, Honorable Elmo Richardson, Representative Paul Smith and GMA Executive Director Jim Higdon.

**Not Present:** Honorable Jan Tankersly

**Welcome and Introductions:** Meeting called to order 10:07 AM. Commissioner stated that in light of new issues that have come up, the due date for the task force report to the Governor is changed to November 15<sup>th</sup>, from November 1<sup>st</sup>. This group will need to set up options for reporting and prioritization of recommendations.

Today's agenda includes presentations that have narrowed down some funding options for the task force to review.

**Presentation:** **Recommended Funding Strategies** by Matthew Fowler, GDOT Office of Planning. Presentation included Indexing Motor Fuel Tax, Impact Fees, Shifting Motor fuel tax to rack, and Local Option Sales tax.

Question: Department of Revenue supported initial shifting of tax from retail to the distributor level; did they not try to support at the terminal level?

Responses:

- There have been issues with the GA Oilman. There were discussions with them last year and the Department has addressed those concerns in the new proposed legislation. There has been no formal meeting with them since the newly proposed legislation.
- There is already a letter of opposition from the GA Oilman's Association. Commissioner Linnenkohl felt this was because they have not seen the new proposed legislation.

Question: If sales tax is based on retail price, how do you collect sales tax at the Rack?

Responses:

- There is a method to do this, can get you the details later. There is an issue of Retail Price

Question: Are impact fees more applicable to urban versus rural areas?

Responses:

- Have impact fees in Fulton County and have annual auditing processes in place to ensure that the fees generated are placed properly. Auditing process very important. Have not seen any discouragement in development due to impact fees. Fulton County has not been aggressive enough in pursuing impact fees.
- There is no difference. Impact fees are not a barrier to developers.
- Impact fees are a great burden to local governments and are not user friendly. They are difficult to implement and hard to justify staffing. Counties such as Fulton and Dekalb are



# Governor's Task Force on Local Transportation Strategies



unique. Is there a possibility of a regional approach to impact fees? If so, it is very difficult to determine where impacts will be with new developments in small communities as impacts may transcend jurisdictions.

Question: How would a Local Option Sales Tax in non-attainment counties be proposed?

Answer: Through local referendum or County Commissioners

Question: What is the relationship between Local Option tax and at the Gas tax at the rack level?

Answer: This would be a general sales tax on all products not specific to gas tax. They would be independent of each other.

Question: How does that affect those of us in attainment areas that would pass this? Will we still have our hands tied in the approval process?

Comments: State law requires state and federal funds are balanced among districts when using gas tax funds. This would be a general tax that would go directly to the counties, and has nothing to do with the state balancing. Aren't we saying to raise the cap by 1 cent? A lot of our local needs are on the state road system. As long as locals are doing the funding, it does not affect the state balance, but the project would need to go into the Transportation Improvement Plan (TIP).

Question: If you're collecting motor fuel taxes it is going through GDOT formulary process, but with Local Sales Tax it is not. I am having difficulty tying the processes together. Some counties will be more at the mercy of the funding formula processes, should we look at processes?

Comments: Local Option Sales Tax goes directly to the counties and does not pass through GDOT for balancing. Gas tax / Rack tax would go through GDOT and be subject to the balancing formula and the 60/40 split.

GDOT has not addressed changing those processes yet, when new monies come into state will be able to address processes. Local Sales Tax will help local governments obtain funds for local governments, allowing them to help themselves.

This conversation is lacking in what the State can do for Local Governments (motor fuel tax and other options). Not sure if economy can handle another sales tax.

Question: Is there something out there that local governments can do to help themselves, and is there something the state can do to get additional funds to the state?

Comments: Marsha Johnson, Florida DOT, will be presenting information today on what Florida has done in implementing levied and imposed sales and motor fuel taxes in their counties, to help locals fund transportation needs. If we are looking at the State Infrastructure Bank, it can be used to obtain funds for projects in the TIP. There is still a burden on local governments to come up with matching funds. Florida's methodology addresses redirection of funds to local governments for their match.

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**Presentation:** **Toll Roads and Transportation Financing Options for Georgia** by Dan Drake (Director of Policy and Programs State Road and Tollway Authority)  
Overview of State Road and Tollway Authority (SRTA), State Infrastructure Bank (SIB), and Regional Mobility Authorities (RMA's).

Question: If you are using state loaned funds on a federally eligible project, is the project required to follow a NEPA process.

Answer: No, you are not required to follow a NEPA process.

Question: Under current Georgia law, can a local government construct a toll road on its own, without being a part of a public/private partnership?

Answer: Code prevents a local government from being involved with a toll road or bridge unless a private entity is also involved.

Summary: No explicit law to allow SRTA to assist local governments, a SIB would be a major step in that direction; local governments can only construct local toll roads in partnership with private entities, state law is silent on the ability of multiple governments to cooperatively build toll facilities, the Texas RMA model might have some application or value in a Georgia context.



# Governor's Task Force on Local Transportation Strategies



Comment: State law may not be silent on the ability of multiple governments to cooperatively build toll facilities; there is no explicit instructions/wording in code for "cooperatively".

Question: Is there a designated funding source in other states with SIB's?

Answer: TEA-21 allow states to flow federal funds into SIB's if desired. It would be part of the overall federal funds received under TEA-21.

Question: What if states don't have a dedicated source or the source is not large enough?

Comment: South Carolina SIB is not as financially sound as it was, has anyone heard anything on it lately? Without a designated funding source or not repaying SIB means the future has been spent. One of the problems local governments have is that going into the bond market may be very difficult; they may need a private partner (to get capital to meet needs).

Question: Do we need to address a bill that deals with cross jurisdictional boundaries and who is putting up the money? The cooperative agreement we have allows private entities to cross regional boundaries.

Comment: If intra-governmental agreements could be used to bill a private facility, why couldn't just one county do it? How do we want the Task Force to structure a recommendation of what we want public/private/intra-governmental relationships to look like? The intent is more to address a local government need not just to generate revenue for local governments. Key point is to meet transportation needs of state and maybe we need to think about couching everything in those terms from now on.

Question: Could RMA's be done by expanding the powers of existing authorities?

---

**Presentation:** Highway Fuel Taxes by Marsha Johnson (Florida Department of Transportation Director, Office of Financial Development) Presentation included: Local Option Fuel Taxes, State Imposed Fuel Taxes Distributed to Locals, Alternative Fuel Tax, Special and Motor Fuel Use Tax, Charter County Transit System Surtax, Local Government Infrastructure Surtax, Small County Surtax, and Dedicated District Revenues.

Question: Have any local governments been pressured to lower taxes due to rising prices in gasoline?

Answer: Legislature has been very open to lowering taxes, have lowered the nine cent tax to eight cents in August for Florida, actual monetary impact has not been determined. Estimated at \$60 Million. \$58 Million in general revenues has been approved by legislators to reimburse FDOT.

Question: Tell us again how much is collected out of local option and sent to Florida DOT?

Answer: None of the local option funds are sent to Florida DOT. SCETS is collected by Department of Revenue and distributed to state, which is about 5.7 cents on the average. This money must be spent only on state highway system. All counties have some form of locally imposed tax.

Question: Where are State funds that address local roads? The 12 cents goes to locals and doesn't go through FDOT.

---

**Possible Recommendations** The following items are potential recommendations for the Task Force to consider for the final report to be presented to the Governor.

Recommendations to be Considered	
1	▪ Draft legislation authorizing indexing to Motor Fuel Tax to Consumer Price Index
2	▪ Draft legislation shifting Motor Fuel Excise and Motor Fuel Sales Tax from distributor to terminal. (State Transportation Board has approved draft legislation for 2005 legislative session)

# Governor's Task Force on Local Transportation Strategies



3	▪ Explore options to broaden the 1990 Development Impact Fee Act
4	▪ Draft legislation enabling local governments designated as non-attainment by EPA to assess a 1% sales tax for transportation improvements.
5	▪ May recommend local government be given tools to charge for local government services, not just looking at changing impact fee laws which could be highly opposed.
6	▪ Draft legislation enabling local governments to assess local option motor fuel taxes for transportation improvements.

## Follow Up Items for Next Meeting

There are several items that need to be researched and detailed for the next meeting. These include:

1. If sales tax is based on retail price, how do you collect sales tax at the Rack?
2. SIB's: How many states have state/federal accounts?
3. Need more information on GA Amendment 19.  
ACCG and GMA to also provide information on code interpretations.
4. Need a graph/chart with Georgia Sales Tax revenues projected several years out.
5. SRTA to research South Carolina SIB's financial stability.
6. Task Force members to review funding information and develop a list of recommendations. Send questions to GDOT.

## NEXT MEETING:

**MONDAY OCTOBER 25<sup>TH</sup> 1:30 PM – 3:30 PM**



## **Recommended Funding Strategies**

Governor's Task Force on  
Local Transportation  
Strategies

October 12, 2004

### **Indexing Motor Fuel Tax to Inflation**

- Tax adjusted annually (increase/decrease) based solely on inflation (Consumer Price Index-CPI)
- Helps maintain constant buying power
- Incorrectly viewed as an arbitrary increase (only tax increases approved by General Assembly)
- Only a 2% increase annually in motor fuel tax if indexed to inflation

Source: GDOT-Office of Planning

## Indexing Motor Fuel Tax to Inflation (continued)

- Change in price of gasoline compared to other consumer items between 1984 and 2004
  - Gasoline 44.5%
  - Coffee 45.0%
  - Cereal 87.0%
  - Postage 90.9%
  - Airline fare 127.6%
  - Water/Sewer 162.5%
  - Medical Services 174.5%
  - Prescription Drugs 232.1%
  - College Tuition 328.5%

Source: American Petroleum Institute

## Indexing Motor Fuel Tax to Inflation (continued)

- Consumer cost of gasoline per VMT adjusted for inflation (relates to: gas prices/fuel efficiency)
  - 1973-11.8 cents
  - 1977-13.6 cents
  - 1982-14.2 cents
  - 1987-8.4 cents
  - 1992-7.3 cents
  - 1997-6.8 cents
  - 2002-6.7 cents

Source: American Petroleum Institute

## **Indexing Motor Fuel Tax to Inflation (continued)**

- Potential Task Force Recommendation to Governor:
  - Draft legislation authorizing indexing Motor Fuel Tax to CPI

## **Shift Motor Fuel Tax Collection from Distributor to Terminal “Rack”**

- Three locations at which to collect motor fuel taxes:
  - Retailer (8,000)
  - Distributor (300)
  - Terminal (45)
- Federal gas tax collected at the terminal level
- 21 states collect state gas tax at the terminal level
- Prior to 2003, Motor Fuel Excise Tax was collected at the distributor level; Motor Fuel Sales Tax was collected at the retailer level
- HB 43 shifted Motor Fuel Sales Tax collection to distributor. HB 43 anticipated to increase Motor Fuel Tax collections by \$15 million annually



### **Shift Motor Fuel Tax Collection from Distributor to Terminal “Rack” (continued)**

- Benefits of collecting Motor Fuel Tax at terminal:
  - Easier collection process (only 45 registered terminals)
  - Less room for error
- Shifting Motor Fuel Tax collection from distributor to terminal anticipated to generate at least \$10 million annually
- Increased revenues would increase funding in all programs (federal-aid; state-aid; LARP)

Source: GDOT-Administration Division

### **Shift Motor Fuel Tax Collection from Distributor to Terminal “Rack” (continued):**

- Potential Task Force Recommendation to Governor:
  - Draft legislation shifting Motor Fuel Excise and Motor Fuel Sales Tax from distributor to terminal
  - State Transportation Board has approved draft legislation for 2005 legislative session

## Impact Fees

- Permitted under the 1990 Development Impact Fee Act
- Fee can only be used to accommodate new growth
- One time payment imposed upon a developer to pay for a proportionate share of system improvements needed to serve new growth and development
- Developers only pay for impacts generated by their development

## Impact Fees (continued)

- Eligible uses for impact fees:
  - Water supply production, treatment, distribution
  - Wastewater collection, treatment and disposal facilities
  - Roads, streets and bridges
  - Storm water systems
  - Parks, open spaces, and recreation areas
  - Libraries
  - Public safety (police, fire, emergency medical and rescue facilities)
  - 3% of fee collections may be used for administration costs

## Impact Fees (continued)

- Since 1990 only 28 jurisdictions, out of approximately 560 cities and counties, levy impact fees
- Local government must adopt a Comprehensive Plan containing a Capital Improvements Element (CIE), which meets DCA requirements
- CIE includes:
  - Projection of needs
  - Service areas
  - Levels of service
  - Schedule of improvements
  - Funding sources
- DCA reviews/approves CIE

## Impact Fees (continued)

- Local governments may exempt developments from impact fees if the development: provides extraordinary economic benefit, or provides affordable housing
- To adopt impact fees a local government must:
  - Establish a Development Fee Impact Advisory Committee
  - Decide which services will use impact fees
  - Hold Public Hearings
  - Develop the CIE
  - Submit the CIE to RDC/DCA for review
  - Adopt the CIE
  - Adopt impact fee ordinance
  - Establish administrative oversight
  - Prepare annual reports



## Impact Fees (continued)

- CIE and Short Term Work Program (STWP) must be updated annually, including:
  - Financial report describing fees collected, expended, and encumbered
  - New schedule of improvements with a new fifth year of proposed capital improvements
  - STWP with a new fifth year and any changes to other years
- Appears through conversation that difficulty exists in managing/administering the fee
- Potential Task Force Recommendation to Governor: explore options to enhance the 1990 Development Impact Fee Act

## Local Option Sales Tax in Non-Attainment Counties

- 22 counties and two partial counties presently designated as non-attainment for ground level ozone by EPA
- Revenue could be directed to transportation needs
- Present state law caps sales tax (state and local) at 7% (except City of Atlanta at 8%)

## Local Option Sales Tax in Non-Attainment Counties (continued)

- Potential revenues generated by a 1% sales tax:  
(2002, \$ millions)

-Cherokee \$21.6	-Forsyth \$20.1
-Clayton \$47.4	-Fulton \$200.0
-Cobb \$117.5	-Gwinnett \$120.1
-Coweta \$13.8	-Henry \$17.7
-DeKalb \$94.6	-Paulding \$8.6
-Douglas \$17.5	-Rockdale \$14.8
-Fayette \$16.2	

SOURCE: GBT

## Local Option Sales Tax in Non-Attainment Counties (continued)

- Potential Task Force Recommendation to Governor:
  - Draft legislation enabling local governments designated as non-attainment by EPA to assess a 1% sales tax for transportation improvements

# Toll Roads and Transportation Financing Options for Georgia

October 12, 2004

Presented by:  
Dan Drake  
Director of Policy and Programs  
State Road and Tollway Authority

## Agenda

- Overview of SRTA
- State Infrastructure Bank (SIB)
- Three Questions Posed to SRTA
  - How can local governments partner with SRTA?
  - Can local governments construct a toll road?
  - What about local toll roads through two or more jurisdictions?
- Texas Regional Mobility Authority Model

## What is the State Road and Tollway Authority (SRTA)?

- The transportation infrastructure financing arm of the State of Georgia
- Assists its state partners, GDOT and GRTA, with financing transportation infrastructure

## What does SRTA currently do?

- Operate the Georgia 400 Extension (the tolled segment of GA 400 south of Interstate 285 to Interstate 85)
- Issue and repay revenue bonds
  - 2001 Guaranteed Revenue Bond Series (\$350 M, 12/2001)
  - 2003 Guaranteed Revenue Bond Series (\$324 M, 10/2003)



## What Can SRTA Do?

***SRTA is authorized by Georgia state law to do more than just operate toll roads***

## What can SRTA do? (con't.)

- SRTA can be involved in non-tolled roads that are part of GRIP or the STIP (*Portions of the proceeds of revenue bonds issued by SRTA are being used to provide funding for GRIP and State Aid projects*)
- SRTA can be involved in mass transit
- *More generally, SRTA can be involved in any "land public transportation" project*

## State Infrastructure Bank (SIB)

- What is a SIB?
  - Revolving transportation and infrastructure fund
  - Offers loans, loan guarantees, lines of credit, debt service reserve funds and bond insurance to transportation project providers
- Most recently proposed to the General Assembly in the Georgia Transportation Infrastructure Bank Act of 2004

## State Infrastructure Bank (continued)

- Common features of SIB
  - SIB overseen by Board of Directors
  - Board determines project eligibility and selects projects for funding
  - Formal application process for each project, including:
    - Project type
    - Need and purpose
    - Public benefit
    - Estimated costs
    - Local match in funding
  - Annual report documenting federal and state expenditures
  - Failure to repay loan results in loss of state funding
  - Loan terms <10 - 30 years (30 years max for federal funds)

## State Infrastructure Bank (continued)

- Use of federal funds requires Congressional action
- Funding often from federal and state sources, but local funding sources are also possible
- Federally funded projects must follow NEPA/federal-aid process
- As of June 2002, 32 states have entered into 294 loan agreements, totaling over \$4.0 billion from Federal accounts

## 1. How can local governments partner with SRTA, under current Georgia law?

- Nothing in state law says SRTA cannot help local governments, but nothing explicitly says SRTA can, either
- SRTA is interested in assisting local governments in meeting their transportation objectives, but would prefer more explicit legal authority to do so

**1. How can local governments partner with SRTA, under current Georgia law?**

---

*SRTA believes the State Infrastructure Bank (SIB), if authorized by the Georgia legislature, will be one mechanism through which SRTA will be able to assist local governments. SRTA, however, also is desirous of assisting local governments in ways additional to the SIB.*

**2. Under current Georgia law, can a local government construct a toll road on its own, without being a part of a public/private partnership?**

---

This question refers to the scope of OCGA Section 36-60-21, passed in 1998.



## 2. Can a local government construct a toll road on its own? (con't.)

- Background of OCGA Section 36-60-21

A private company proposed building a privately-funded toll bridge spanning the Chattahoochee River, crossing the boundaries of Fulton and Cobb Counties.

A new state law was needed to give those counties the power to let a private company impose a toll on a bridge open to the public

## 2. Can a local government construct a toll road on its own? (con't.)

As it turned out, the proposed toll bridge across the Chattahoochee River was never built, so OCGA Section 36-60-21 has never been utilized.

## 2. Can a local government construct a toll road on its own? (con't.)

The critical language in OCGA Section 36-60-21 is: "A local government may contract with, license, or both contract with and license a person [any non-government individual or entity] to finance, construct, maintain, improve, own, or operate, or any combination thereof, a project [a toll road or toll bridge] along the boundaries of or within such local government."

## 2. Can a local government construct a toll road on its own? (con't.)

Thus, OCGA Section 36-60-21 permits many possible relationships between a local government and a private entity;

**BUT**

It is clear that both the intent and language of the statute prevents a local government from being involved with a toll road or bridge unless a private entity is also involved.

### 3. What does Georgia law say, if anything, about a toll road that would go through multiple local jurisdictions?

- A: Virtually nothing.

OCGA Section 36-60-21 does say a toll road or bridge project covered by that statute can be “along the boundaries” of the local government.

However, the statute never mentions a combination of local governments, or explains exactly how two or more local governments would cooperate regarding, for example, a toll bridge that crosses the boundary between two counties.

### One way the State of Texas is permitting its county governments to address their transportation needs

#### Regional Mobility Authorities (RMAs)

- First authorized under Texas state law in 2001
- Independent government authorities created by one county, or two or more counties
- County governments appoint most directors of a RMA, but Texas Governor appoints the chairperson of a RMA
- RMA directors decide on which project(s) to pursue
- RMAs have power to issue revenue bonds, which are not a debt of the state or county

## Regional Mobility Authorities (con't.)

### The distinctive characteristics of RMAs:

#### 1) Broad scope of permissible projects (a partial list)—

- Turnpikes
- Non-tolled roads
- Passenger or freight rail
- Airports
- Intermodal hubs
- Pedestrian and bicycle facilities
- Air quality improvement initiatives

#### 2) Power to use surplus revenues from one project to finance other locally-needed projects

## Regional Mobility Authorities (con't.)

### • Other features of RMAs

- RMA projects (such as a road) can even extend into county which is not part of the RMA, if the other county agrees and other requirements are met
- RMAs have condemnation authority
- Although RMAs decide for themselves which project(s) to pursue, any project which connects to the state highway system must be approved by Texas Transportation Commission



## Advantages of RMAs

- Power to generate funds through issuance of revenue bonds means not having to wait on state or local government to have enough tax money to build a project
- Power to generate funds locally also means not having to wait for a project to rise to the top of the state's construction priority list
- Road projects financed by revenue bonds and toll revenues are typically built much more quickly than road projects financed through tax monies
- The more money which can be generated by a RMA, the less money state government has to contribute to a project's cost, freeing up state funds that can be applied elsewhere

## Objections to RMAs

- A general objection to toll roads. (To the extent RMAs are involved in toll road projects, this objection will have to be addressed.)
- A general objection to government borrowing (to the extent RMAs rely on borrowed funds to finance projects)
- The possible "conversion" of non-tolled roads to toll roads

## Existing RMAs in Texas

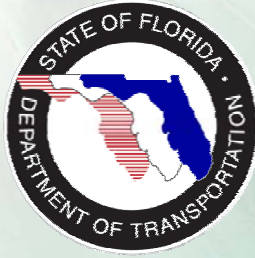
- Central Texas RMA (Travis & Williamson Counties, [Austin] 10/2002)
- Bexar County RMA ([San Antonio] 12/2003)
- Grayson County ([Sherman/Denison] RMA 02/2004)
- In process:
  - Webb County [Laredo]
  - Cameron County [Brownsville]
  - Smith County [Tyler]

## Summary

1. No explicit law to allow SRTA to assist local governments; a SIB would be a major step in that direction
2. Local governments can only construct local toll roads in partnership with private entities.
3. State law is silent on the ability of multiple governments to cooperatively build toll facilities
4. The Texas RMA model might have some application or value in a Georgia context.

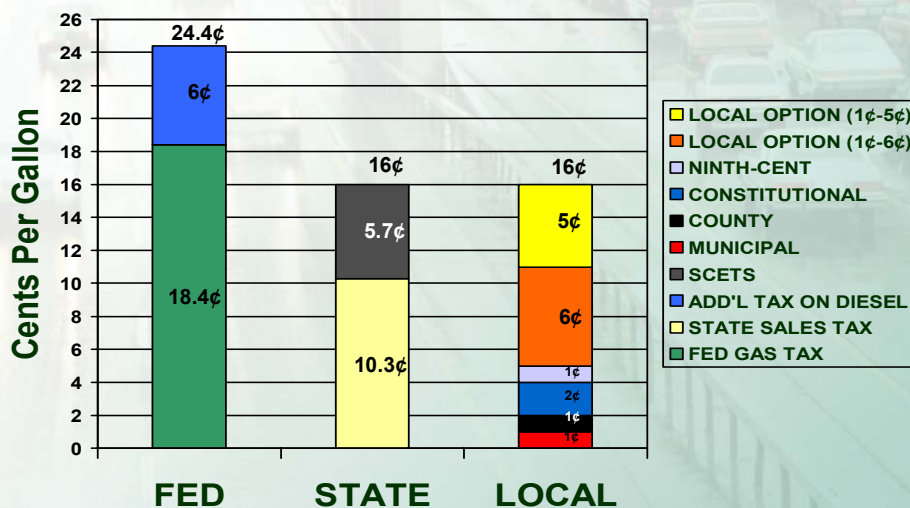
# Highway Fuel Taxes

October 12, 2004



Marsha Johnson  
Director, Office of Financial Development

## Florida Highway Fuel Taxes





## Florida Locally Imposed Fuel Taxes

- 1¢ - 6¢ Local Option Fuel Tax
  - Levied by Majority Vote of the Ordinance or by Voter Approval
  - Full 6¢ Imposed on Diesel Fuel
  - Proceeds Shared with Municipalities
  - Proceeds Used to Fund Transportation Expenditures



## Florida Locally Imposed Fuel Taxes

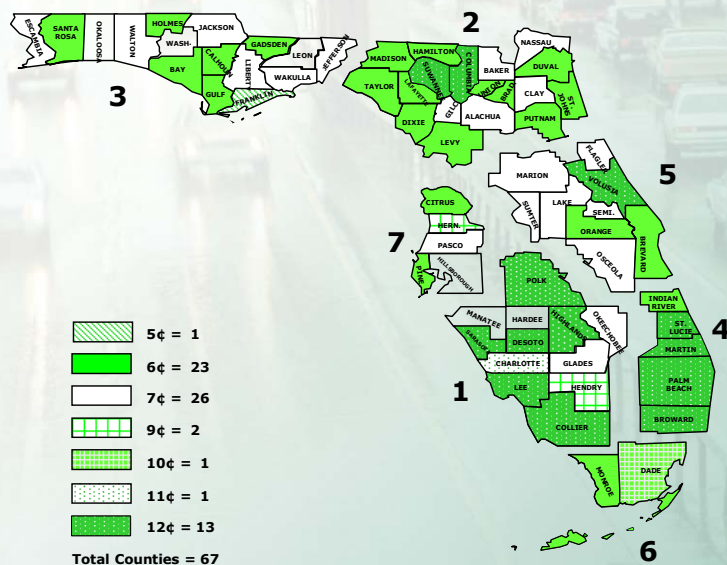
- 1¢ - 5¢ Local Option Fuel Tax
  - Diesel Fuel Not Subject to Tax
  - Levied by Majority Vote of the Ordinance or by Voter Approval
  - Proceeds Used to Fund Transportation Expenditures



## Florida Locally Imposed Fuel Taxes

- Ninth Cent Fuel Tax (1¢/gallon)
  - Levied by Majority Vote of the Ordinance or by Voter Approval
  - Required on Diesel Fuel
  - Proceeds **May Be** Shared with Municipalities
  - Proceeds Used to Fund Transportation Expenditures

## Florida Local Imposed Motor Fuel Taxes Tax Rates (¢/gal) as of January 1, 2004





## **State Imposed Fuel Taxes Distributed to Locals**

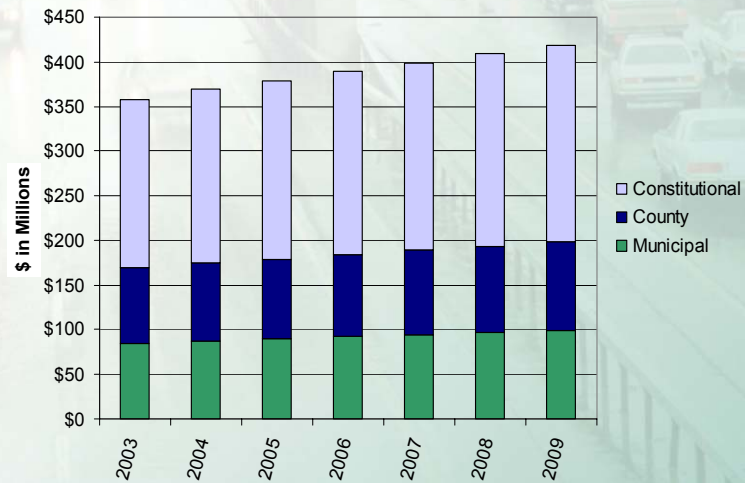
- **Constitutional Fuel Tax (2¢/gallon)**
  - Revenue Source for Counties
  - Distributed After Deduction for Debt Service
- **County Fuel Tax (1¢/gallon)**
  - Revenue Source for Counties
- **Municipal Fuel Tax (1¢/gallon)**
  - Revenue Source for Cities



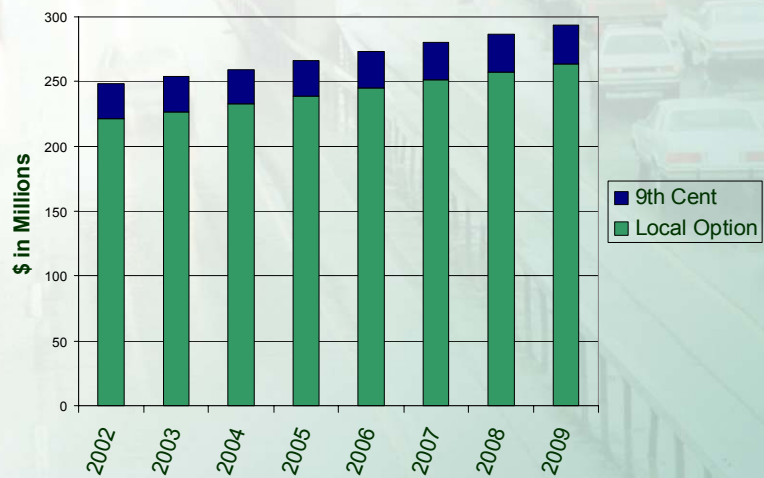
## **State Imposed Fuel Taxes Distributed to Locals**

- **Alternative Fuel Tax**
  - Either Per Gallon Tax or Annual Decal Fee
  - Distributed to State, Counties, and Municipalities
  - Imposed on Operators of Alternative Fueled Vehicles
- **Special & Motor Fuel Use Tax**
  - Fuel Tax and Decal Fee Imposed on Commercial Vehicles
  - Distributed to State, Counties, and Municipalities

## State Imposed Fuel Taxes Imposed to Locals



## Untapped Locally Imposed Fuel Taxes





## Florida Locally Imposed Sales Taxes

- Charter County Transit System Surtax
  - Rate of 0.5% - 1.0%
  - Levied by Majority Vote of the Ordinance OR by Voter Approval
  - 1.0% Maximum
  - **Not** Imposed on Fuel or Transactions over \$5,000
- Local Government Infrastructure Surtax
  - Rate of 0.5% or 1.0%
  - Levied by Majority Vote of the Ordinance AND by Voter Approval



## Florida Locally Imposed Sales Taxes

- Small County Surtax
  - For Counties with Population of 50,000 or Less
  - Rate of 0.5% or 1.0%
  - Levied by County Ordinance if Revenues are Used for Operating Expenses
  - Levied by Voter Approval if Revenues are Used for Debt Service





## Dedicated District Revenue

- State Comprehensive Enhanced Transportation System (SCETS) Tax
  - Based on Local Option Fuel Tax Rate
  - Indexed to CPI
  - FDOT Expends in District Where Collected



## Dedicated District Revenue

- Rental Car Surcharge
  - Imposed on Rentals of 30 Days or Less
  - Rate is \$2 per Day
  - 80% Distributed to FDOT
  - Remaining 20% Spent on Tourism
  - FDOT Expends in District Where Collected

## Additional Information

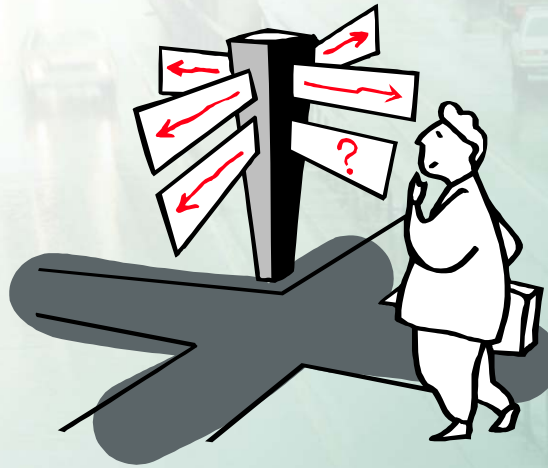
- **Florida's Transportation Tax Source**
  - <http://www.dot.state.fl.us/financialplanning/revenue/primer.htm>
- **Local Government Financial Information Handbook**
  - <http://fcn.state.fl.us/lcir/reports.html>

## Statutory Authority

Florida Statutes Found At <http://www.flsenate.gov/Statutes/>

- **Local Option Discretionary Sales Taxes**
  - Charter County Transit System Surtax – § 212.055(1), F.S.
  - Local Government Infrastructure Surtax – § 212.055(2), F.S.
  - Small County Surtax – § 212.055(3), F.S.
- **Local Option Fuel Taxes**
  - Ninth Cent Local Option Fuel Tax, § 336.021, F.S.
  - 1¢ - 6¢ Local Option Fuel Tax, § 336.025(1)(a), F.S.
  - 1¢ - 5¢ Local Option Fuel Tax, § 336.025, (1)(b), F.S.
- **State Imposed Fuel Taxes Distributed to Locals**
  - Alternative Fuel Tax, § 206.877, F.S.
  - Special & Motor Fuel Use Tax, § 207.003 & § 207.004, F.S.

# Questions



## Potential Task Force Recommendation to Governor:

- Draft legislation enabling local governments to assess local option motor fuel taxes for transportation improvements

**Attachment Five**

**October 25, 2004 Meeting Minutes**

**and**

**Presentations**



# Governor's Task Force on Local Transportation Needs



*That there is created the Governor's Task Force on Local Transportation Strategies which is charged with the responsibility of reviewing and making recommendations with respect to laws, policies, and current funding options available to counties and cities to meet the needs of their individual communities as well as the relationship with the state in maximizing the current transportation resources*

**Meeting Date:** October 25, 2004

<b>Present:</b>	GDOT Commissioner Harold Linnenkohl, GRTA Director Steve Stancil, State Road and Tollway Executive Director Doug Hooker, , ACCG Executive Director Jerry Griffin, , Georgia Association of Regional Development Centers President John Leonard, Georgians for Better Transportation Wayne Shackelford, Georgia Highway Contractors Association Steve Parks, Honorable Boyd Austin, Honorable Jim Burgess, Honorable Katie Dempsey, Representative Paul Smith and GMA Executive Director Jim Higdon.
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<b>Presentations:</b>	Interpretation of Amendment 19, to be presented by Jerry Griffin, ACCG Executive Director and Jim Higdon, GMA Executive Director; Mr. Doug Hooker, SRTA Executive Director, and David Weir, SRTA Transportation Policy Analyst, will be presenting information on the State Infrastructure Bank and Matthew Fowler, GDOT Assistant Planning Administrator, will be presenting Potential Strategy Recommendations. Requests for future projections of motor fuel tax revenues are included in the handouts.
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<b>State Infrastructure Bank</b>	<p>Presentation focused around three questions raised by Task Force:</p> <ol style="list-style-type: none"><li>1. Capitalization of state funded versus federally funded SIBs</li><li>2. Levels and types of state SIB Activity</li><li>3. Issues and Concerns: South Carolina SIB</li></ol> <p><u>Presentation Highlights:</u></p> <ul style="list-style-type: none"><li>• Florida: Has both federal and state funded SIB. State account is more popular with local entities due to the lack of federal requirements. Florida uses their SIB for a variety of transportation projects, not just roads. Currently have 23 projects. Florida has now authorized it's SIB to issue bonds.</li><li>• Texas: One of the original FHWA pilot programs. Currently involved in 44 loans.</li><li>• South Carolina SIB is unique in that it allows grants, along with no interest and low interest loans. Most interest rates for loans are under 5%. South Carolina has dedicated funds from truck registration fees, and up to 1 cent of state fuel tax goes into SIB. Currently involved in 8 loans. Their SIB also issues bonds. South Carolina SIB has a lot of debt service.</li></ul>
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# Governor's Task Force on Local Transportation Needs



	<p><u>SIB Discussion:</u></p> <ul style="list-style-type: none"> <li>• Comment: So, is the SIB putting the State of South Carolina in debt? Response: No, the SIB isn't in financial difficulty. Bonds issued by SIB to provide additional funds aren't debts of the state.</li> <li>• Question: If the State of SC is not standing behind the bond and the SIB is making the grants, where is the revenue stream to support the bond debt? Response: It would be the future revenue (i.e., truck registration fees, interest on loans or \$.01 cent tax).</li> <li>• Question: How is it handled administratively? Response: It is handled differently from state to state, in South Carolina it is handled by the Department of Transportation. <i>If you like, we can get you that information.</i></li> <li>• Question: Do any of the SIBs allow local governments to use a dedicated revenue source to underwrite loans? Response: Some state SIBs do look to local option sales tax as allowing underwriting loans.</li> <li>• Comment: Advantages of SIB would allow local government who had dedicated revenue to bond out more quickly and advances projects earlier</li> <li>• Comment: Local governments could use their dedicated revenue source as seed money</li> </ul>
<b>Georgia Amendment 19</b>	<p>Distributed handout which addressed questions related to local governments' ability to work with each other and with private entities or SRTA to construct toll facilities.</p> <ul style="list-style-type: none"> <li>• Question: Do local authorities still need to go through the TIP and STIP process when constructing a toll road? Response: Yes, for non-attainment areas, but not rural areas.</li> </ul>
<b>Potential Strategy Recommendations Discussion</b>	<p>Commissioner Linnenkohl commented that this list is not inclusive of all recommendations of the Task Force. The seven options being presented today were ranked in order A-G by two thirds of the Task Force committee members through the "ranking sheet" sent out by Commissioner Linnenkohl via e-mail on October 20, 2004.</p> <p><u>Presentation Highlights:</u></p> <ul style="list-style-type: none"> <li>A. Indexing Motor Fuel Tax to Inflation</li> <li>B. Shift Motor Fuel Collection Point to Terminal</li> <li>C. Local Option Transportation Tax</li> <li>D. State Infrastructure Bank</li> <li>E. Transportation Local Option Sales Tax</li> <li>F. Locally Owned/Operated Toll Roads</li> <li>G. Impact Fees</li> </ul>
(A). Indexing Motor Fuel Tax to Inflation	No comments, questions or discussion



# Governor's Task Force on Local Transportation Needs



(B) Shift Motor Fuel Collection Point to Terminal	<ul style="list-style-type: none"> <li>• Question: How do other states handle collecting sales tax when shifting the motor fuel collection point to the rack? Response: Every six months the Dept. of Revenue does a sampling of gas prices at the distribution level and uses this price to set the tax level.</li> <li>• Comment: The GA Oilman's Association has not achieved a comfort level yet with GDOT's proposed legislation.</li> <li>• Comment: (Refers to handout from ACCG) We have come up with an idea, our local sales tax is currently collected from each vendor, and is dependent on every gas vendor filing an accurate report. What if we changed the 3% sales tax to a local excise tax and apply that at the rack level? Twenty-one states are currently doing this.</li> <li>• Question: What type of legislation does this require? Response: It requires repealing the sales tax and changing it to a 3% excise tax. This would guarantee funds to capitalize and repay bonds.</li> <li>• Question: Would this still be considered a motor fuel tax under the constitution? Response: They are changing the LOCAL option motor fuel tax, not the state. This is workable.</li> </ul>
(C).Local Option Transportation Tax	<ul style="list-style-type: none"> <li>• Question: How could it be redistributed to the counties? Comment: Would have to set up a tracking system to determine how much is sold in each county, or use a formula. Question would be whether it would go to counties where it is collected or to all counties based on a formula. Do we want to address this issue in the recommendation?</li> <li>• Comment: We are looking at potential recommendations. Questions arise as to where we are going from here based on what we are seeing in front of us today.</li> <li>• Question: Does this local option transportation tax have enough merit to go forward with as a recommendation?</li> <li>• Comment: If it has merit, do we look at substantial needs and then which has the most merit? Don't forget about what we're doing, we have a funding shortfall. Which is the best option of these seven offered today? Some have merit, and some don't.</li> <li>• Comment: Six or seven ideas have been floated around as having the most potential, which one of these presented should we move forward on?</li> <li>• Comment: These options don't give a huge amount of money to meet the need.</li> <li>• Comment: If any particular recommendation has merit, we can work on the recommendation (i.e., dedicate all of LOTT to local government, amount to be distributed to locals can be worked on later).</li> <li>• Comment: As a legislator, I would have a hard time convincing county commissioners to add a local fuel tax. Participating counties would have a hard time giving money to non-participating counties.</li> <li>• Comment: This also assumes that MFT is applied at point of collection. Counties with interstates would generate more revenue than other counties with just one gas station. I would leave it open to discussion regarding formula and amount of funds to be redistributed to counties (whether it be each county gets what they earn or it gets distributed throughout each counties).</li> <li>• Question: What about counties that choose to not have a local option fuel tax? Response: Should be considered as an option, work on the details later.</li> <li>• Comment: Can we call it (the Local Option Transportation Tax) something else?</li> <li>• Comment: We haven't had a chance to debate this option, there are still many questions left unanswered, there are many details to be worked out. Not ready to recommend any options, can recommend in general but not the details.</li> <li>• Comment: Strike out, "Dedicate half of LOTT to GDOT for local needs"</li> <li>• Question: Are we going public with these slides? Where is this going?</li> <li>• Question: What do we need to put in the report?</li> <li>• Comment: First two options need mechanisms – we don't want to exclude transit from the report.</li> </ul>
(D). State Infrastructure Bank	<p>Comment: We had that bill ready last session but couldn't get it printed in time. The bill will likely be re-introduced in the 2005 legislative session.</p>



# Governor's Task Force on Local Transportation Needs



(E). Transportation Local Option Sales Tax	<ul style="list-style-type: none"> <li>• Comment: Without getting into the mechanics part of it, we do need to have clarification on some of the mechanic parts of this before we go any further.</li> <li>• Question: Are we making a mistake by recommending too many options, should we eliminate this one?</li> <li>• Comment: If you discuss this one, recognize MARTA. Dekalb and Fulton counties are obligated to support their operations. If you look at other transit systems, all shortfalls have to be paid out of general funds. When we talk about local option sales tax for transit let's be reminded of reality.</li> <li>• Comment: I'm uncomfortable with this one. Vote to oppose. Three opposed.</li> <li>• Comment: I'm still kind of confused as to where we're going with this; perhaps we'd be better off prioritizing these and let the Governor take them off the table. Comes back to my earlier question of what is the purpose of this report?</li> <li>• Comment: We're just arbitrarily deciding what to recommend because we haven't looked at actual need. If we looked at need, we might come up with a recommendation to combine strategies.</li> </ul>
	<ul style="list-style-type: none"> <li>• Comment: An increase in state motor fuel tax has not been put on the table. No one wants to address this. What we're losing here is the concept of a user fee. At some point we've got to be able to turn to the people who are using the transportation system to help out. Gas is cheaper in North Carolina than Georgia and they have more taxes, don't know what goes into price of gasoline.</li> <li>• Comment: Anything we put on the list we're going to have to be able to go out and sell.</li> <li>• Comment: We are going to put everything we discussed on the list in the report and then go into our recommendations.</li> <li>• Comment: Some local governments have been able to generate enough funds in their SPLOST referendums to fund their local transportation projects 100%. Many only generate the 20% to meet the state match.</li> <li>• Comment: Out of all the taxes we pay as US citizens, transportation taxes are the only taxes that result in capital improvements that improve the infrastructure.</li> <li>• Comment: Most of us as local officials are trying to find a way to meet our local match. We are not equipped to handle large projects. We can never catch up to the need. We're already at our limit with taxation. The Task Force needs to take a "hard line".</li> <li>• Comment: Move this recommendation to the bottom of the list.</li> <li>• Comment: Don't make recommendations. Show the Governor what comes to the top. All options will be presented in detail in the report.</li> <li>• Comment: What if we took this across the street to the Governor and explained what we've looked at and that we've opened a lot of doors and are not able to yet come up with recommendations.</li> <li>• Comment: Have to pull a report together, these recommendations need further research.</li> <li>• Comment: We don't have a report or anything that we can give so we don't have the option of voting on this.</li> <li>• Comment: If we don't come up with recommendations then legislature has no way of working on it. Have to do this year.</li> <li>• Comment: The Governor's Office is looking at GDOT's legislative package now.</li> <li>• Comment: Recommend the first four options.</li> <li>• Comment: Recommendations give some clout to options for consideration.</li> </ul>
(F). Locally Owned/Operated Toll Roads	<ul style="list-style-type: none"> <li>• Question: It is already allowable, so doesn't need to be considered.</li> <li>• Comment: Public/Private partnership provides capital and advances transportation funding.</li> </ul>
(G). Impact Fees	<ul style="list-style-type: none"> <li>• Comment: Move that we take this one off the list.</li> </ul>



# Governor's Task Force on Local Transportation Needs



<b>Recommendations</b>	The following items are potential recommendations for the Task Force to consider for the final report to be presented to the Governor.
1.	Task Force committee members recommended a comment be added in the final report that further study be conducted on the top options; Indexing Motor Fuel Tax, Shifting Motor Fuel Tax to point of collection, LOTT and SIB.
2.	Recommendations need to be scaled down to 7, with the top four needing further research.
3.	Task Force strongly supports top four for further study. (Vote: <b>12 Ayes /0 Nays</b> )
4.	Put emphasis on top four and discuss local option sales tax within context of shifting motor fuel collection point to terminal.
5.	Options 1 and 2 are Motor Fuel Tax, which are only roads and bridges, and cannot reflect funding for transit. If all local governments came up with their match GDOT would not have enough funds to cover all of the requests.
	<u><b>Final Report Content Recommendations</b></u> 1. Ensure that the report talks about transit. 2. Include language in final report that any source of revenue be used for transit except for Indexing the State Motor Fuel Tax and shifting the point of collection for State Motor Fuel tax to terminal. 3. Report should reflect the Task Force is not recommendation against other options. 4. Report should include methodology.

<b>Follow Up Items for Next Meeting</b>	1. How is bond debt handled administratively in South Carolina? 2. Draft report with top recommendations and mail to Task Force Members for comment before the next meeting. 3. GDOT will produce format for report, distribute to task force for comments, and then meet again for final approval. Will put together some verbage to reflect local needs.
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<b>Next Meeting Date</b>	<p style="text-align: center;"> <b>FRIDAY, NOVEMBER 5<sup>TH</sup>, 9:00 AM – 11:00 AM</b>  <b>ROOM 401</b>  <b>GEORGIA DEPARTMENT OF TRANSPORTATION</b>  <b>#2 CAPITOL SQUARE</b>  <b>ATLANTA, GEORGIA</b> </p>
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# Governor's Task Force on Local Transportation Strategies

Dan Drake  
Director, Policy and Programs  
State Road and Tollway Authority

Responses and Answers to Previous questions/issues:  
State Infrastructure Banks (SIB's)

October 25, 2004 at 1:30 p.m.

## Previous Issues/Questions

- ◆ Capitalization of "State" SIB's
- ◆ Levels and Types of "State" SIB Activity
- ◆ Issues and Concerns: South Carolina SIB

## Capitalization of “State” SIB’s

- ◆ There are currently 31 States with various SIB activities formed.
- ◆ Four (4) of these States have so-called special Federal SIB’s as per federal program legislation
- ◆ Six (6) States have the most active State SIBs
- ◆ These prominent State SIB’s are: Florida, Texas, Minnesota, Ohio, Arizona and South Carolina

3

## Examples and Characteristics of Capitalization of State SIB’s or State SIB Accounts

- ◆ Florida
- ◆ Texas
- ◆ South Carolina

4

## Florida

- ◆ Has two SIB accounts: one State and one Federal
- ◆ State account much more popular with local entities
- ◆ State account initially capitalized at \$50 million 1st year; and, \$44 million second year
- ◆ Source of capitalization: State Fuel Tax Trust Fund
- ◆ Continues to be infused with \$10 million additional capitalization each year
- ◆ Used for numerous transportation modes: highways/roads transit, bridges, airports and seaports.

5

## Texas

- ◆ Texas was one of the original FHWA Pilot Programs
- ◆ Initially capitalized at \$12 million seed money from FHWA
- ◆ Additional capitalization from FHWA of \$171 million from 1998 to 2004, matched by \$43 million from State funds.

6



## South Carolina

- ◆ Allows grants, along with no interest loans and low interest loans.
- ◆ Source of capitalization includes one cent of State Road Fuel Tax (\$23 million) and Truck Registration Fees (\$53 million) annually
- ◆ Level of initial 1997 capitalization was \$65 million from the State General Fund.

7

## Levels and Types of Activity from various State SIB's

- ◆ Florida
- ◆ Texas
- ◆ Arizona
- ◆ Ohio
- ◆ South Carolina
- ◆ Minnesota

8

## Florida

- ◆ A State with both State and Federal SIB's
- ◆ Current level of outstanding State SIB financing transactions is 23, for a total of \$438 million
- ◆ Present application process is under way with 12 requests totaling \$637 million in projects/transactions
- ◆ Approximately \$90 million are expected to be approved this year
- ◆ Over \$3.4 billion in projects leveraged by State SIB
- ◆ Federal account is used to make loans to FDOT districts which they pay back out of federal project funds

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## Texas

- ◆ Current level of outstanding SIB Activity: 44 transactions/loans
- ◆ No grants are available from the SIB
- ◆ \$258 million in total loan amounts has leveraged nearly \$2 billion in projects
- ◆ SIB used to finance Regional Mobility Authority projects

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## Arizona

- ◆ Current level of outstanding SIB activity: 45 transactions/loans
- ◆ \$521.5 million in total loan amounts

11

## Ohio

- ◆ Current level of outstanding SIB activity: 41 transactions/loans
- ◆ \$185 million in total loan amounts

12

## Minnesota

- ◆ Current level of outstanding SIB activity: 15 transactions/loans
- ◆ \$96 million in total loan amounts

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## South Carolina

- ◆ Current level of outstanding SIB activity: 8 transactions/loans
- ◆ \$3 billion in projects funded by SIB to date with about \$1.5 billion in loans, the remainder in grants and local funding participation
- ◆ Extensive levels of bond financing are used in the transactions funding of the bank
- ◆ Major refinancing of several bond issues has been achieved in September, 2004 providing a savings of nearly \$90 million.

14



## Evaluation of South Carolina SIB program

- ◆ SC is largest user of SIB Transportation Project Financing
- ◆ Current level of use is tied to State Transportation financing plan to an activity of funding 27 years worth of projects in a 7 year implementation schedule
- ◆ Thus far, \$3 billion in SIB loans/transactions have been made through 8 major financing activities, very reliant on bond financing
- ◆ Uniquely, grants have been made in addition to loans and other forms of credit enhancements as part of the program
- ◆ SC includes a new financing by capitalization provided from State road funding of \$243m in July, 2004
- ◆ Fundamental concern is not with SIB per se, but fact that SC has used this and other mechanisms to significantly leverage their transportation by financing and implementing them now and paying the debt over time

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## Summary of SIB Points

- ◆ State SIB's are funded by State Road Funds primarily
- ◆ State SIB's favored by local entities
- ◆ SIB's remain generally financially sound
- ◆ Conventional tax revenue growth/increases or policy constraints make the case for further SIB utilization
- ◆ State SIB's continue to be expanded with recurring annual or new capitalization
- ◆ State SIB operations seem to be effective
- ◆ SC situation unique due to size of and overall direction of State Transportation Program and Policy

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## Governor's Task Force on Local Transportation Strategies

### List of Potential Recommendations

Matthew Fowler  
GDOT-Office of Planning

October 25, 2004

- **Indexing Motor Fuel Tax to Inflation**
- **Potential Recommendation:**
  - Propose/support legislation to index the state (and any local level) motor fuel excise tax to the Consumer Price Index
- **Shift Motor Fuel Tax Point of Collection from Distributor to Terminal**
- **Potential Recommendation:**
  - Propose/support legislation to shift the point of collection from the distributor to the terminal

- **Local Option Transportation Tax (local option motor fuel tax)**
- **Potential Recommendations:**
  - Propose legislation allowing local governments to assess a LOTT ranging from \$0.01 to \$0.10 per gallon
  - Dedicate half of LOTT to GDOT solely for local needs; funds could be redistributed based on formula
  - Ensure that LOTT revenues could be used for transit purposes

- **State Infrastructure Bank (SIB)**
- **Potential Recommendation:**
  - Propose/support legislation to create a SIB (legislation needed at state and federal level)
- **Transportation Local Option Sales Tax (TLOST)**
- **Potential Recommendations:**
  - Propose that local governments; regional authorities; and/or non-attainment/maintenance areas be permitted to assess an additional 1% sales tax for transportation improvements
  - Approved by voter referendum
  - Should have sunset provisions
  - Revenues could be spent for transit purposes
  - Requires increasing the current tax ceiling

➤ **Locally Owned/Operated Toll Roads**

➤ Potential Recommendations:

- Propose legislation to allow local governments to own/operate toll roads independent of a public-private partnership
- Propose legislation to clarify the ability of local governments to enter into agreements allowing the construction of cross-jurisdictional toll roads
- Propose legislation regarding the creation of regional authorities to address transportation/mobility
- Propose legislation clarifying SRTA's ability to partner with/assist local governments regarding toll roads

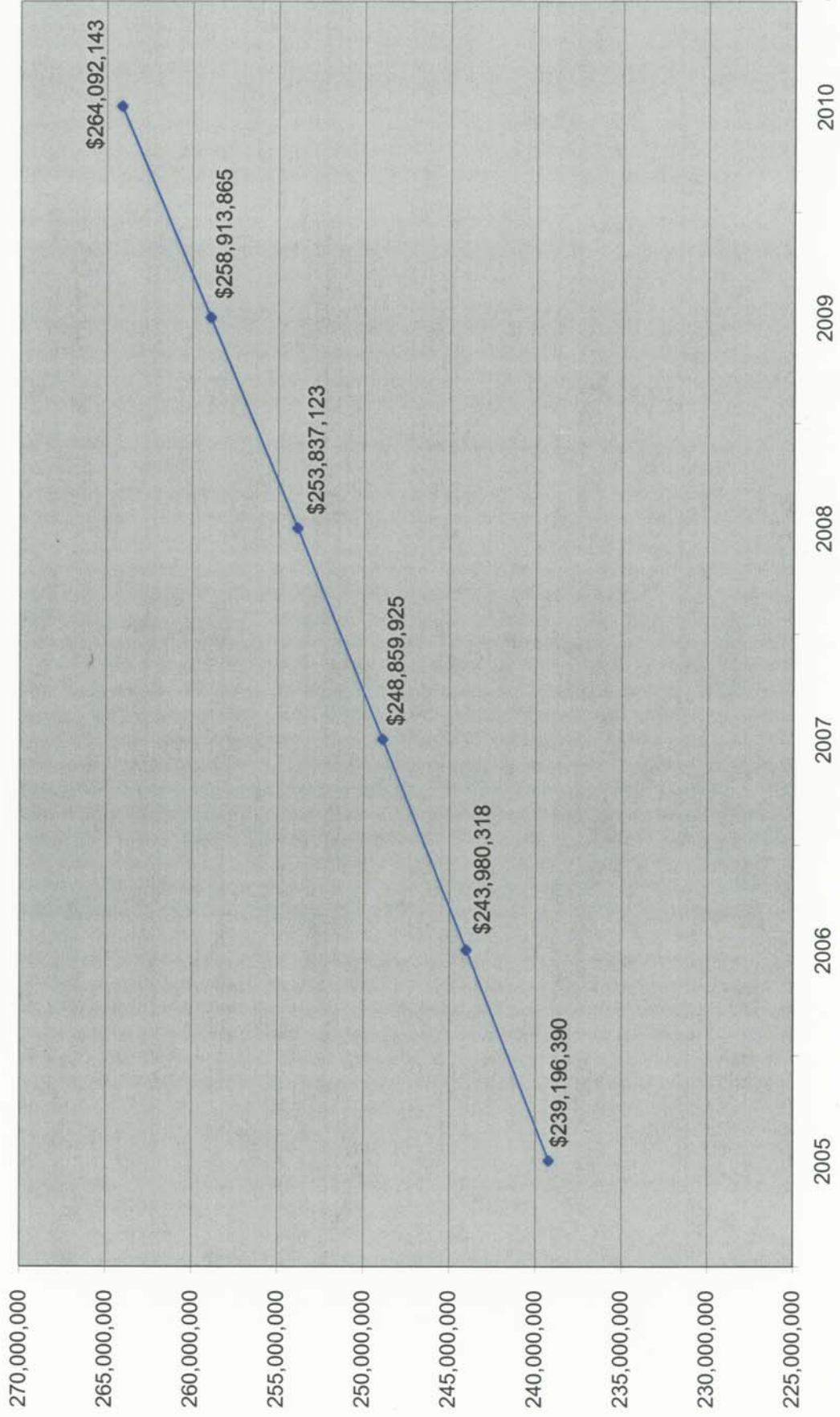
➤ **Impact Fees**

➤ Potential Recommendations:

- Explore options to enhance the 1990 Development Impact Fee Act
- Recommend that local governments be given the tools to charge for local government services



**PROJECTED MOTOR FUEL RETAIL SALES TAX  
BASED ON 2% ANNUAL GROWTH**



**ASSOCIATION COUNTY COMMISSIONERS OF GEORGIA  
and the  
GEORGIA MUNICIPAL ASSOCIATION**



50 Hurt Plaza  
Suite 1000  
Atlanta, Georgia 30303



201 Pryor Street, S.W.  
Atlanta, Georgia 30303

October 19, 2004

Commissioner Harold Linnenkohl  
Georgia Department of Transportation  
No. 2, Capitol Square, SW  
Atlanta, GA 30334

Dear Commissioner Linnenkohl:

During the last meeting of the Governor's Task Force on Local Transportation Strategies, we understand that several questions emerged related to the issue of local governments' ability to work with each other and with private entities or the SRTA to construct toll facilities. Specifically, you requested information from our organizations about the authority of two or more local governments to work cooperatively with private contractors and the SRTA to construct toll facilities. Additionally, the question was raised as to whether cities and counties are authorized to construct toll facilities. In response to your request we have prepared the following brief summary.

The first question, as to whether a city and county (or any two or more local governments) may jointly contract with a private toll way developer, can be answered by reading code section 36-60-21 in conjunction with the Intergovernmental Contracts provision of the Georgia Constitution (Art. IX, Sec. III, Par. I). This code section specifically authorizes a local government to contract with a private company to construct and operate toll roads and bridges. The Georgia courts have broadly interpreted the Intergovernmental Contracts provision, making it clear that what one local government has the power to do, several may do in concert unless otherwise specifically prohibited.

The second question, whether two local governments could jointly contract with SRTA, appears to be answered by code sections 32-10-69 and 32-10-70, again particularly in light of the authorization provided by the Intergovernmental Contracts provision of the Georgia Constitution. Notably, code section 32-10-70 provides as follows:

"All counties, municipalities, and other political subdivisions of the state and all public agencies and officers of the state, notwithstanding any contrary provisions of the law, are authorized and empowered to lease, lend, grant, or convey to the authority, upon its request and upon such terms and conditions as the authority and the proper officials of such counties, cities, other political subdivisions, or public agencies or officials may agree upon as reasonable and fair, and without necessity for any advertisement, order of court, or other action or formality other than the regular execution of the proper instrument, any real or personal property which may be necessary or convenient to the effectuation of the purpose of this article, including real or personal property devoted to public use."

Finally, not only does state law not expressly prohibit cities or counties from creating their own toll roads over the municipal or county street systems, but code sections 32-4-42 and 32-4-92 grant counties and cities broad authority to perform all acts necessary for the development of county and municipal roads and streets. However, given that such authority is limited to each local government's street system and that roads with sufficient traffic to support a toll system are probably state highways or county roads, there may not be sufficient economic incentives for cities to do so, although some counties may realize sufficient incentives to do so.

October 19, 2004  
Page 2

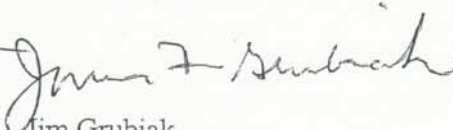
In conclusion, because of the broad constitutional authority of local governments to enter into intergovernmental agreements, we believe that legislative changes are not required to allow two or more local governments to jointly contract with private toll facility developers or to contract with the SRTA to construct toll facilities. Additionally, there is no express prohibition under state law for local governments to construct toll facilities.

We hope that this information is helpful and responsive to your request. Please feel free to contact us if you have any questions or require additional information.

Sincerely,



Susan Pruett  
General Counsel  
Georgia Municipal Association



Jim Grubiak  
General Counsel  
Association County Commissioners of Georgia

Cc: Jim Higdon, GMA Executive Director  
Jerry Griffin, ACCG Executive Director



## **Transportation Funding Proposal**

This is not a new proposal. After reviewing the eight options identified by the taskforce, ACCG has taken elements of several options to create an option that will provide new revenues for funding local transportation projects without asking the General Assembly to pass a tax increase. This option coupled with the creation of a transportation infrastructure bank should give local governments maximum flexibility in funding local transportation projects.

1. Exempt 3% local sales tax on motor fuel and replace it with a 3% excise tax on motor fuel. This change will not have any impact on the consumer and can be sold by the Governor and legislature without the stigma of a new tax increase (133 counties currently levy 3% local sales tax, 24 levy 2% and only 2 levy 1%). To switch from a sales tax to an excise tax O.C.G.A 48-9-3(a)(3) may have to be amended. This law currently prohibits local excise taxes on motor fuel.
2. Move the state motor fuel tax collections from the wholesale level to the terminal or rack level and include the 3% local excise tax. This would make the tax easier to administer and improve collection compliance. The improved compliance would increase revenues. Georgia is the only state in the southeast that is not collecting its motor fuel tax at the terminal level. Collecting the state and local motor fuel taxes together and having one uniform rate would also ease the administrative burden of the tax.
3. Collect the local excise tax using the same formula the state uses to calculate its 2<sup>nd</sup> motor fuel tax. DOR calculates statewide average price of a gallon of fuel over a six month period and applies that to each gallon of fuel sold over the next six months (currently a 3% excise tax would be equal to about 5% a gallon).
4. DOR would distribute local excise tax back to the local governments based on point of distribution or another formula. There are many formulas that could be considered, but because of the political nature of creating a formula, further discussions will have to place between ACCG, GMA and other stakeholders.
5. All local excised taxes would be held in a separate account at the local level and used exclusively on transportation projects. This dedicated transportation fund could serve many purposes, including local match and repayment source for State Infrastructure Bank loans.



6. A hold-harmless provision could be added to the law to ensure counties and schools with SPLOST do not lose any revenues for the projects that have been approved by the voters. One percent of the excise tax would go to each SPLOST until it expires. Upon expiration of the SPLOST, the tax would go into the local transportation account.
7. Based on estimates from DOR the local excise tax would generate about 250 million statewide.
8. Local governments would lose about 7% of their local options sales taxes.

## **Attachment Six**

**November 5, 2004 Meeting Minutes**

# Governor's Task Force on Local Transportation Strategies



*That there is created the Governor's Task Force on Local Transportation Strategies which is charged with the responsibility of reviewing and making recommendations with respect to laws, policies, and current funding options available to counties and cities to meet the needs of their individual communities as well as the relationship with the state in maximizing the current transportation resources*

**Meeting Date:** November 5, 2004

**Present:** GDOT Commissioner Harold Linnenkohl, GRTA Director Steve Stancil, State Road and Tollway Executive Director Doug Hooker, DCA Commissioner Mike Beatty, ACCG Executive Director Jerry Griffin, GEDA Executive Director Cullen Larson, Georgia Association of Regional Development Centers President John Leonard, Georgians for Better Transportation Wayne Shackelford, Georgia Highway Contractors Association Steve Parks, Honorable Boyd Austin, Honorable Jim Burgess, Honorable Katie Dempsey, Honorable Jim Ham, Honorable Karen Handel, Honorable Elmo Richardson, Representative Paul Smith, Richard Bishop City of Columbus and GMA Executive Director Jim Higdon.

**Not Present:** Jim Burgess

**Welcome and Introductions:** Would like to start with looking at recommendations based off of the comments. We will go through the draft page by page and get this ready to go forward. We know there may be a lot of changes. We have staff that will make the changes as we go.

**Discussion** Executive Summary: Changes were made to include Private public partnership. The privatization was said to be acceptable and should have the door left open for any other option. Concept of public private partnership is a viable alternative as related to toll facilities. Authorize and encourage private / public partnerships to build toll facilities. As the Department funds existing needs, there may be a need to improve the legislation, we support such action. Several places mention transit funding but in the four items it does not address the transit funding. Under local option write up it discusses the transit but the four items in the summary do not. Mr. Stancil brings up a constitutional question of support for transit. Local govt. needs funding source for transit. We need to make it clear. Body of the report addresses but many may not see it and only look at the executive summary.

GMA recommended additional strategy. The report needs to reflect the state's responsibility and not just the local. At the last meeting we discussed that GMA and ACCG need to reconvene a task force to go deeper. This needs to be in the body of the executive summary in a separate paragraph to include the comments from GMA. This would carry the task force beyond these recommendations. We need to recognize that funding for local transportation needs has reached a critical stage. While locals are willing to assume some of the responsibility for funding local transportation needs, local funds are only part of the solution. Long term solution will require combination of state and local.

What is the possibility of this being labeled an interim report rather than a report to acknowledge that this task force has not reviewed this in depth? Rename as a preliminary report that would be able to continue. Recognition in the executive summary that this is preliminary to be considered as recommendations rather than items to be implemented. We have not addressed the state issues since we were charged with local issues but we are acknowledging the states responsibility.

This could be referenced as a framework report. We suggest shortening the GMA recommendation. Final report to be submitted no later than July 2005 under the continued task force. The Governor needs to continue the Task force so that it may continue to examine the long term funding solutions for local transportation and transit needs.



# Governor's Task Force on Local Transportation Strategies



We propose that a final report be submitted no later than July 1, 2005.

On no. 3 (Need to state what this is – is it a page or an option?) we have motor fuel tax, we talked about that not getting mixed in with the current motor fuel tax. Do we need to call it something else for the local. Just call it a local option transportation tax. Instead of impose, enact on same item.

At the last meeting we talked about the no.2 item (Ditto No.3) The report suggests it is something to be looked at. Page 10: Shift the state and local motor fuel tax point of collection from the distributor to the terminal.

Item 3(for consistency, we need to state either No. or Item – not both) Allow the expenditure of LOTT revenues for the transit purposes.

Comments on the background:

Task force Meeting Summaries: Page 6 term Ga. Amendment 19 needs to be referenced correctly. Georgia Article 9 Section 8.

Page 7: Rewrite paragraph Matthew Fowler... Strike local gas tax on no. 3

Need to modify Public Private Partnerships to construct and operate local toll facilities.

Item 3: Local Option Transportation Tax:

In Florida, we think it is going to the state general funds and is designated to transportation purposes. Allow that LOTT revenues to be spent for transit purposes. The numbers presented in the chart number redistributed. We need to be clear if this is a local tax, to be used locally, or is per capita that is levied. Need to provide a definition of the chart that is based on per capita. Do we need to remove the chart? Without the chart may leave it unaddressed as to whether it is local or blended. It is important to leave the chart to show there is not some pot of gold somewhere. This only talks about the collection and not the distribution. State as assumption. As an example the following charts lists potential annual revenue collection and redistributed based on a .01 excise tax for various size counties that collect the tax. Distribution formula will be based off of county. Move the clarification after the chart stating:

Actual revenue received by counties would be dependent upon the ultimate distribution formula.

Change the leading sentence to state the following cart illustrates the potential annual revenue collections based on the .01 excise tax...

Conclusion: Remove conclusion since it is in the executive summary.

The committee thanked Commissioner Linnenkohl for leading today's meeting. Commissioner Linnenkohl thanked everyone for their involvement and recommendations. He expects something to follow. The Governor wants to address local needs. Hope this report will be something they can put in place and take further. GMA thanked GDOT staff for their work and efforts. Much appreciated. Commissioner Linnenkohl will have a short cover letter to go with the report. Will get a copy of the report to each of the task force members for final review before we send to the Governor. Should have something to the task force in a couple of days.

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## Follow-Up Items for Next Meeting

There are some follow up items as listed below.

1. GDOT staff to edit the report and send out to the Task Force for final review and comments.
2. Task Force needs to review and provide and final comments prior to submitting the report to the Governor.